Management Letter

On the Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements

For The Fiscal Year Ended June 30, 2015

Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.

Monrovia, Liberia
July, 2018
The Audit of the Ministry of Health Financial Statements for the fiscal Period 2014/2015 performed by the Auditor General

Hon. Wilhelmina Jallah
Ministry
Ministry of Health
Congo Town
Monrovia Liberia

July 31, 2018

Dear Madam Jallah:

The Ministry of Health (MOH) financial statements are subject to audit by the Auditor-General in terms of Section 2.1.3 of the New GAC Act of 2014 as well as in accordance with the Public Financial Management Act and Regulations of 2009. The audit covered the fiscal year 2014/2015.

INTRODUCTION
The audit of the MOH financial statements for the year ended June 30, 2014 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY
The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements. An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

The audit will also include an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Accounting Officer. Our responsibility is to express our opinion on these financial statements.
Management Letter on the
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

KEY MANAGEMENT PERSONNEL

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Rank</th>
<th>Time Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dr. Bernice T. Dahn</td>
<td>Minister</td>
<td>2014 to 2015</td>
</tr>
<tr>
<td>2</td>
<td>Matthew T.K Flomo</td>
<td>Deputy Minister/ADM.</td>
<td>2014 to 2015</td>
</tr>
<tr>
<td>3</td>
<td>John M. Langa</td>
<td>Asst. Minister/ADM.</td>
<td>2014 to 2015</td>
</tr>
<tr>
<td>4</td>
<td>Toagoe T. Karzon</td>
<td>Comptroller</td>
<td>2014 to 2015</td>
</tr>
</tbody>
</table>

APPRECIATION

We would like to express our appreciation for the courtesy and assistance rendered by the staff of the Ministry of Health during the audit.

Yours Faithfully,

Yusador S. Gaye CPA, CGMA
Auditor General, R.L.
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For The Fiscal Year Ended June 30, 2015

**Acronyms**

<table>
<thead>
<tr>
<th>Acronyms/Abbreviations/Symbol</th>
<th>Meaning</th>
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<td>Auditor General</td>
</tr>
<tr>
<td>AHA</td>
<td>African Humanitarian Action</td>
</tr>
<tr>
<td>APOC</td>
<td>African Program for Onchocerciasis</td>
</tr>
<tr>
<td>BCHT</td>
<td>Bong County Health Team</td>
</tr>
<tr>
<td>CFOs</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CG</td>
<td>Comptroller General</td>
</tr>
<tr>
<td>CPA</td>
<td>Certified Public Accountant</td>
</tr>
<tr>
<td>CHO</td>
<td>County Health Organization</td>
</tr>
<tr>
<td>CHSA</td>
<td>County Health system Administrator</td>
</tr>
<tr>
<td>CHT</td>
<td>County Health Team</td>
</tr>
<tr>
<td>CGMA</td>
<td>Chartered Global Management Accountant</td>
</tr>
<tr>
<td>CSA</td>
<td>Civil Service Agency</td>
</tr>
<tr>
<td>CV</td>
<td>Curriculum Vitae</td>
</tr>
<tr>
<td>DSA</td>
<td>Daily sustenance allowance</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAR</td>
<td>Fixed asset Register</td>
</tr>
<tr>
<td>GAC</td>
<td>General Auditing Commission</td>
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<tr>
<td>GAVI</td>
<td>Global Alliance for Vaccines and Immunization</td>
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<td>GGCHT</td>
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<tr>
<td>GMCHT</td>
<td>Grand Cape Mount Health Team</td>
</tr>
<tr>
<td>GOL</td>
<td>Government of Liberia</td>
</tr>
<tr>
<td>GRN</td>
<td>Goods Received Note</td>
</tr>
<tr>
<td>HA</td>
<td>Health Authority</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IP</td>
<td>Implementing Partners</td>
</tr>
<tr>
<td>IPSAS</td>
<td>International Public Sector Accounting Standards</td>
</tr>
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<td>ISACA</td>
<td>Information System Audit and Control Association</td>
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<tr>
<td>ISSIAs</td>
<td>International Standards of Supreme Audit Institutions</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>LBDI</td>
<td>Liberia Bank for Development &amp; Investment</td>
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<td>LCHT</td>
<td>Lofa County Health Team</td>
</tr>
<tr>
<td>LD</td>
<td>Liberian Dollars</td>
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<tr>
<td>MD</td>
<td>Medical Doctor</td>
</tr>
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<td>MFDP</td>
<td>Ministry of Finance &amp; Development Planning</td>
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<td>ML</td>
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<td>MOH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>NACP</td>
<td>National Aids Control Program</td>
</tr>
<tr>
<td>NCB</td>
<td>National Competitive Bidding</td>
</tr>
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<td>NDS</td>
<td>National Drugs Service</td>
</tr>
<tr>
<td>NLTCP</td>
<td>National Leprosy and TB Control Program</td>
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Management Letter on the
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Acronyms/Abbreviations/Symbol</th>
<th>Meaning</th>
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<td>NMCP</td>
<td>National Malaria Control Program</td>
</tr>
<tr>
<td>PAN</td>
<td>Personnel Action Notice</td>
</tr>
<tr>
<td>PFM</td>
<td>Public Financial Management</td>
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<tr>
<td>PFMU</td>
<td>Project management Unit</td>
</tr>
<tr>
<td>PPCA</td>
<td>Public Procurement &amp; Concession Commission Act</td>
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<td>PPCC</td>
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<td>PSOP</td>
<td>Procurement Standard Operating Procedure</td>
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<td>Payment Voucher</td>
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<td>RCHT</td>
<td>RiverCess County Health Team</td>
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<tr>
<td>RFQ</td>
<td>Request for quotation</td>
</tr>
<tr>
<td>SCHT</td>
<td>Sinoe County Health Team</td>
</tr>
<tr>
<td>SP</td>
<td>Samaritan’s Purse international</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nation Population Fund</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nation Children Fund</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>USD</td>
<td>United state Dollars</td>
</tr>
<tr>
<td>WAHO</td>
<td>West African Health Organization</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
</tbody>
</table>
1  DETAILED FINDINGS – MOH HEAD OFFICE

This section highlights findings identified during our audit and our recommendations to strengthen the internal control systems of the MoH and improve their operating efficiency.

1.1  MoH Head Office – Financial Issues

1.1.1  Payment without supporting documents

Observation
1.1.1.1  Regulation A.3 (1) of the PFM regulation states that “Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor- General, the Comptroller General , the relevant internal auditor or any officers authorized by them, by the Minister.

1.1.1.2  We noted that there was no third party supporting evidence attached to the payment amounting to US$213,180. See details below:

Table: 1

<table>
<thead>
<tr>
<th>Date</th>
<th>PV number</th>
<th>Description</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/6/2015</td>
<td>V#000823-Other Specialized Materials &amp; Service-Africa Motors</td>
<td>Other Specialized Materials &amp; Service</td>
<td>19,924</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>213,180</td>
</tr>
</tbody>
</table>

Risk
1.1.3  The validity, occurrence and accuracy of the payment cannot be established.

Recommendation
1.1.4  We recommend that Management should ensure that all expenses are adequately supported. The unsupported expenses of US$213,180 should be refunded to the MoH bank account.

Management’s Response
1.1.5  V#000823-other specialized materials and service – Africa Motors ($19,924) During the periods 2013/2014 and 2014/2015, the voucher referenced V#000823 is part of several vouchers which were categorized under the health emergency No objection received from the PPCC. The blanket no objection letter was part of the procurement documents presented to the auditors. While the Commission granted MOH a blanket no objection, MOH launched a competitive process (shopping or Restricted bidding) for the various activities or directly source the suppliers as had been granted by the PPCC. Find attached "No objection to sole source from PPCC".
Auditor General’s position

1.1.1.6 There was no evidence that Management provided supporting documents for the indicated expenditure. Therefore, Management should account for the amount of US$213,180 without appropriate supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.2 Payment without supporting documents (Outstanding Documents)

Observation

1.1.2.1 Regulation A.3 (1) of the PFM regulation states that “Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor- General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister.

1.1.2.2 Management was not able to provide the audit team with supporting documents for expenses amounting to US$6,646,693. See appendix 1 for details of these payments without supporting documents.

Risk

1.1.2.3 The validity, occurrence and accuracy of the payment cannot be established.

Recommendation

1.1.2.4 Management should ensure that all expenses are adequately supported. The unsupported expenses of US$6,646,693 should be refunded to the MoH bank account.

Management’s Response

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
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<tr>
<td>5/20/2015</td>
<td>UNOPS/Reimbursement of funds for payments for vehicles</td>
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<td>25,288</td>
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<td>10/7/2014</td>
<td>Infrastructure &amp; Other Equipment/HQ/Malaria/SD A07</td>
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<td>5/28/2015</td>
<td>UNOPS/Pmt for the procurement of vehicles &amp; Motorbikes</td>
<td>PV#00033/000005 282015</td>
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<td>5/28/2015</td>
<td>UNOPS/Pmt for the procurement of vehicles &amp; Motorbikes</td>
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<td>5/28/2015</td>
<td>UNOPS/Pmt for the</td>
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2 Promoting Accountability of Public Resources
## Management Letter on the Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

### Procurement of Vehicles & Motorbikes

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
</tr>
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<tbody>
<tr>
<td>1/7/2015</td>
<td>Transport Equipment</td>
<td>FV0000313/VPV#-72437-Transport Equipment - CICA Motors Liberia</td>
<td>55,000</td>
<td>West Africa Health Organization (WAHO) requested the document for review and the documents are in WAHO’s possession. Additionally, this document was also audited by the GAC during the EBOLA audit of the MOH.</td>
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<tr>
<td>8/1/2014</td>
<td>Evergeen Import &amp; Export/Pmt for trucks for Ebola burial ser</td>
<td>PV#-65150/0000025368-52</td>
<td>40,180</td>
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<tr>
<td>10/7/2014</td>
<td>CHICRI Brothers Inc./Motorcycle supply for social welfare eb</td>
<td>PV#-65289/0000001134-31</td>
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<tr>
<td>8/13/2014</td>
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<td>8/13/2014</td>
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<tr>
<td>9/29/2014</td>
<td>CHICRI Brothers Inc./Motorcycle for H. Serv. to fight Ebola</td>
<td>PV#-62259</td>
<td>19,750</td>
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<td>Description</td>
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<td>9/26/2014</td>
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<td>Equipment-Prestige Motor Corporation</td>
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<td>for inspection</td>
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<td>9/26/2014</td>
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<td>for inspection</td>
</tr>
<tr>
<td>10/28/2014</td>
<td>CAPITAL EXPENDITURE</td>
<td>JV#PF/2014/-CAPITAL EXPENDITURE-PF-MERCI (3)/ River Gee-2</td>
<td>97,145</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>10/1/2014</td>
<td>Machinery and Equipment</td>
<td>1120;PV#62263-Machinery and</td>
<td>20,950</td>
<td>Document available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equipment-H&amp;A Corporation-1</td>
<td></td>
<td>for inspection</td>
</tr>
<tr>
<td>9/29/2014</td>
<td>H&amp;A Corporation/Diesel Generators for the Counties</td>
<td>PV#62263</td>
<td>38,400</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>10/1/2014</td>
<td>Machinery and other Equipment</td>
<td>1120;PV#62263-Machinery and other Equipment-H&amp;A Corporation-</td>
<td>38,400</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>9/29/2014</td>
<td>H&amp;A Corporation/Diesel Generators for the Counties</td>
<td>PV#62263</td>
<td>20,950</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>1,405,912</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Supplies & Consumables**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/6/2015</td>
<td>Luyken Guesshouse/Payment for</td>
<td>PV#00702/000000225623</td>
<td>73,600</td>
<td>Document available</td>
</tr>
<tr>
<td></td>
<td>accommodation and hall rental</td>
<td></td>
<td></td>
<td>for inspection</td>
</tr>
<tr>
<td>7/31/2014</td>
<td>Monrovia Petroleum Company/Pmt-Fuel</td>
<td>MOH-310-FY-13/14-07-V-</td>
<td>20,326</td>
<td>Document available</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>for inspection</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
<td>PV number</td>
<td>Amount in US$</td>
<td>Management Response</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>March-June 2014-vehicle</td>
<td>000393/000007000393</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/26/2015</td>
<td>National Drug Service/Support to operate newly rented warehouse</td>
<td>241/PV#-72457-Fuel and Lubricants - Vehicles-Aminata &amp;Son</td>
<td>120,000</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>1/20/2015</td>
<td>Fuel and Lubricants - Vehicles</td>
<td>V#000845; INV. #2727-Fuel &amp; Lubricants (Gen.)-Aminata &amp;Sons</td>
<td>33,600</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>6/24/2015</td>
<td>Fuel &amp; Lubricants (Gen.)</td>
<td>V#000845; INV. #2727-Fuel &amp; Lubricants (Gen.)-Aminata &amp;Sons</td>
<td>18,752</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>9/24/2014</td>
<td>Vehicle Service Maintenance &amp; Repair</td>
<td>0100-0906/PV#-72224</td>
<td>34,794</td>
<td>Document available for inspection</td>
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<tr>
<td>12/30/2014</td>
<td>Ecobank Liberia/MOORE STEPHENS</td>
<td>pv#62310/000030201412</td>
<td>65,340</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>6/15/2015</td>
<td>World Health Organization/Pmt. for medical equipment and sup</td>
<td>MOH-310-FY-14/15-06-V-000797/000000000797</td>
<td>2,184,820</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>Direct Pmt to UNICEF to procure Drugs and Medical Supplies</td>
<td>JV# 54104</td>
<td>1,629,098</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>12/19/2014</td>
<td>Stewart Corporation/Pmt for the clearing of GFATM Equipments</td>
<td>PV#57736/00000013462</td>
<td>19,654</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.7 Commemorate World Malaria Day</td>
<td>GF NMCP 02-Act 5.1.7</td>
<td>21,725</td>
<td>Document available for inspection</td>
</tr>
</tbody>
</table>
### Management Letter on the Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

#### Promoting Accountability of Public Resources

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/8/2015</td>
<td>Small Tools/Equipment and Household Materials</td>
<td>2014-277/PV#-72443-Small Tools/Equipment and Household Mater</td>
<td>129,990</td>
<td>West Africa Health Organization (WAHO) requested the document for review and the documents are in WAHO’s possession additionally, this document was also audited by the GAC during the EBOLA audit of the MOH.</td>
</tr>
<tr>
<td>10/28/2014</td>
<td>GOOD &amp; SERVICES</td>
<td>JV#PF/2014/-GOOD &amp; SERVICES-PF-MERCI (3)/ River Gee-2</td>
<td>238,113</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>12/31/2014</td>
<td>Liberia Coordinating Mechanism (LCM)/Pmt of funds representi</td>
<td>PV#57737/00000013463</td>
<td>28,819</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>12/2/2014</td>
<td>Overheads /HQ/Malaria/SDA05</td>
<td>PV#59412/2128-Overheads /HQ/Malaria/SDA05 -Aminata &amp;Sons Inc.</td>
<td>42,348</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>3/3/2015</td>
<td>Overheads /HQ/Malaria/SDA05</td>
<td>PV#59432-Overheads /HQ/Malaria/SDA05 -Aminata &amp; Sons Inc. -1</td>
<td>37,960</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.16 Conduct periodic monitoring of malaria control ac</td>
<td>GF NMCP 01-Act 5.1.16 Conduct periodic monitoring of malaria</td>
<td>31,240</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.16 Conduct periodic monitoring of malaria control ac</td>
<td>GF NMCP 02-Act 5.1.16 Conduct periodic monitoring of malaria</td>
<td>24,255</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>5/31/2015</td>
<td>Act 5.1.16 Conduct periodic monitoring of malaria control ac</td>
<td>GF MALARIA 03-Act 5.1.16 Conduct periodic monitoring of mala</td>
<td>43,060</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.11 Provide Ongoing support for program</td>
<td>GF NMCP 01-Act 5.1.11 Provide</td>
<td>28,398</td>
<td>Document available for inspection</td>
</tr>
</tbody>
</table>
Promoting Accountability of Public Resources

### Auditor General’s position

1.1.2.5 Documents provided by Management supported the expenditure of US$3,951,252.00 out of the total amount of US$6,646,693.00. Therefore, we have modified our recommendation for Management to account for **US$2,695,441.00** (6,646,693.00 – 3,951,252.00) without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

### Inconsistencies noted between donor fund balances disclosed

#### Observation

1.1.3.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
Management Letter on the 
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For The Fiscal Year Ended June 30, 2015

- Expenditure report
- Outstanding salary advances
- Outstanding program advances
- Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

1.1.3.2 We noted during the audit a difference of US$8,318,976 between the donor fund balances disclosed in note 8.1.0 (US$23,232,238) and the closing donor fund balances disclosed in note 7.5.0 (US$14,913,262). There was no explanation provided by Management with respect to the difference noted.

Risk
1.1.3.3 The accuracy of the donor fund balance cannot be established.

Recommendation
1.1.3.4 We recommend that Management should reconcile the two donor fund balances disclosed.

Management’s Response
1.1.3.5 Management has reviewed the financial Statement for June 30, 2015 and has found no note reference 7.5.0. However, note 8.1.0 relates to General Information and Accounting Policies. The only note relating to donor fund balances is Note 10.2.0 and the donor fund balance amount is US$23,232,238. See attached Financial Statement for June 30, 2015 page 24.

Auditor General’s position
1.1.3.6 The fund/cash balance as disclosed in note 7.5.0 is made up of the following: 

<table>
<thead>
<tr>
<th>Source</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool Fund</td>
<td>6,389,461</td>
</tr>
<tr>
<td>Global Fund</td>
<td>1,527,334</td>
</tr>
<tr>
<td>Projects</td>
<td>6,996,467</td>
</tr>
<tr>
<td>Total</td>
<td>14,913,262</td>
</tr>
</tbody>
</table>

1.1.3.7 Note 8.1.0 refers to Donor Fund Flow Statement and not General Information and Accounting Policies as indicated in Management’s response. Therefore, we maintain our finding and recommendation that Management should reconcile the two donor fund balances disclosed.

1.1.4 Liability not supported

Observation
1.1.4.1 Regulation A.3 (1) of the PFM regulation states that “Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of

government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister.

1.1.4.2 During the audit, Management was not able to provide the details of liability balance of US$13,826,541 disclosed in note 7.7.0 of the financial statement.

Risk

1.1.4.3 We are unable to establish the validity, occurrence and accuracy of the liability balance

Recommendation

1.1.4.4 We recommend that Management should ensure that liability disclosed in the financial statement is supported by detailed schedules from the financial accounting system.

Management’s Response

1.1.4.5 Noted. Management has taken appropriate action in providing a schedule of liabilities and this can be further validated in the financial statement of the MOH for 2016/2017.

Auditor General’s position

1.1.4.6 We knowledge Management’s acceptance of our finding and recommendation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.1.5 Accumulated long outstanding advances

Observation

1.1.5.1 Section 2.5.1 of the approved financial management policies and procedures manual states that “The MOH will maintain an advances ledger to record, track and monitor all advances given. Liquidations must be entered against each advance in the advance ledger. The advances ledger shall be updated promptly and the balances shall be reviewed weekly to avoid the accumulation of long outstanding advances”

1.1.5.2 It is also important to note that section 2.1.4 of the same manual states that “advances taken to implement programs in counties have a period of five (5) working days for the settlement of such advances”

1.1.5.3 We noted that there were accumulated long outstanding advances. The below table illustrates the accumulated long outstanding advances for the year under review. See Table 2 below for details.

<table>
<thead>
<tr>
<th>Donor/Project Funds</th>
<th>Year 2014 US$</th>
<th>Year 2015 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sight Saver CDTI</td>
<td>9,390</td>
<td>9,390</td>
</tr>
<tr>
<td>OXFAM</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>WAHO</td>
<td>8,880</td>
<td>8,880</td>
</tr>
</tbody>
</table>

Table 2: Advances with no movement over 12 months’ period

Promoting Accountability of Public Resources
Further to the above, we also noted that there is no tracking mechanism to show the project implementation timeframe for which disbursements were made and timelines for the expected expenditure reports from the programs (CHTs, hospitals) and other MoH-sponsored institutions concerned.

**Risk**

1.1.5.5 Recoverability of the advances or receipt of expenditure reports to clear advances is doubtful.

**Recommendation**

1.1.5.6 We recommend that management should perform an aging analysis on its advances. This should be enforced on a yearly basis.

1.1.5.7 Also, management should maintain a tracking mechanism to know the project implementation timeframe for disbursements made and timelines expected for expenditure reports from the programs, CHTs, hospitals and other MoH-sponsored institutions concerned.

1.1.5.8 This will enable the MoH to limit or avoid further disbursements where previous advances have not been accounted for through the submission of expenditure reports.

**Management’s Response**

1.1.5.9 Management takes note of the recommendations and will take necessary steps to ensure strict compliance with the advance retirement policy enshrined in the MOH financial management policy and procedures manual. In fact, management has assigned specially dedicated accountants with the mandate to ensure timely liquidation of advances.

**Auditor General’s position**

1.1.5.10 We knowledge Management’s acceptance of our finding and recommendation. We will make a follow up on the implementation of our recommendation during subsequent audit.

**1.1.6 Financial report not reconciled to accounting system and records.**

**Observation**

1.1.6.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following
steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

1.1.6.2 We noted that the financial figures in the financial statements do not reconcile with the records in the accounting system of MoH. **See Table 3 below for details.**

### Table 3

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 2015 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule of advances balances</td>
<td>20,657,655</td>
</tr>
<tr>
<td>Financial statement balances</td>
<td>21,288,333</td>
</tr>
<tr>
<td>Difference noted</td>
<td>(630,678)</td>
</tr>
</tbody>
</table>

**Risk**

1.1.6.3 The failure to reconcile could lead to misstatement of the financial statement.

**Recommendation**

1.1.6.4 We recommend that management ensure its records in the financial statements are reconciled to the accounting system.

**Management’s Response**

1.1.6.5 We request that the Auditors further review the financial statements. Our records show that the schedule of advance balances per the accounting system and those in the financial statements are reconciled.

**Auditor General’s position**

1.1.6.6 Management did not provide the audit team with the schedule of advances that reconcile with the advances disclosed on the financial statements. Therefore, we maintain our recommendation.
1.1.7 Inconsistencies in the application of the financial reporting framework

Observation

1.1.7.1 International Public Sector Accounting Standards (IPSAS) financial reporting under cash basis cash comprises two parts: The mandatory primary financial statements to be presented and the voluntary disclosures.

1.1.7.2 Part 1 section 1.3.4 of the IPSAS cash basis standard defines the mandatory primary financial statements required as:
- The consolidated statement of cash receipts and payments
- Statement of comparison of budget and actual amounts
- Notes to financial statements.

1.1.7.3 Part 2 of the cash basis standard prescribes the voluntary disclosures. This identifies additional accounting policies and disclosures that an entity is encouraged to adopt to enhance its financial accountability and the transparency of its financial statements. These include:
- Statement of cash assets and fund balances
- Notes
- Statement of outstanding invoices (liabilities)
- Statement of unjustified advances and loans
- Non-financial assets disclosure notes
- Statement of contingent liabilities

1.1.7.4 Also, paragraph 1.3.5 of the IPSAS financial reporting under cash basis standard provides that when an entity elects to disclose information prepared on a different basis from cash basis of accounting, such information shall be disclosed in the notes to the financial statement.

1.1.7.5 We noted during the audit that in addition to the primary mandatory financial statements prescribed by IPSAS cash basis, two (2) additional statements not required were presented on the face of the financial statements:
- Statement of financial position and
- Statement of cash flows

1.1.7.6 These statements are not required based on the following specific characteristics associated with them:
- The statement of financial position includes balances presented under accrual basis of accounting which is inconsistent with the cash basis adopted.
- Statement of cash flows presented takes into account adjustments in respect of advances and liabilities which are accrual in nature and therefore inconsistent with IPSAS cash basis.

1.1.7.7 It was further observed that the accrual based information in respect of advances and liabilities presented were not fully traceable to the underlying records within the accounting system of MoH.
We also noted that there was wrong use of terminology in the financial statements. For instance, the difference between receipts and payments is described in the MoH financial statements as ‘net results of operations’. The correct terminology which IPSAS cash basis uses is increase/ decrease in cash.

**Risk**

The IPSAS cash basis financial reporting framework has not been complied with and this may result in possible misunderstanding of the financial statements presented.

**Recommendation**

We recommend that management should follow the requirements of the IPSAS cash basis financial reporting framework and ensure compliance.

**Management’s Response**

Management takes note of this recommendation. However, the MOH will ensure that notes to the additional disclosed statement will be provided in the financial statement moving forward.

**Auditor General’s position**

We knowledge Management's acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2 **Internal Control/compliance related issues**

1.2.1 **No Audit Committee at MoH**

**Observation**

Regulation K.10 of the PFM regulation provides that, A Head of government agency or government organization shall in consultation with the Internal Audit Governance Board establish and maintain an audit committee for the government agency or organization for which he/she is responsible.

Regulation K.13 also states that the Audit Committee shall meet four times per year on a quarterly basis, or more frequently as circumstances require.

We noted during the audit that MoH did not have an audit committee as at June 30, 2015. MoH established an audit committee in April 2017.

**Risk**

Audit issues and lapses identified in the Ministry’s internal control system may not be appropriately monitored and addressed.

**Recommendation**

We recommend that management should ensure that a functional audit committee is set up at the MoH. Management should also ensure that the audit committee meets on quarterly basis as described in regulation K.13 of the PFM regulation.
Management’s Response
1.2.1.6 The MOH has an audit committee which was established in 2012. However, the MOH is taking necessary action to ensure the functionality of the audit committee.

Auditor General’s position
1.2.1.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2.2 Quarterly reports not prepared and submitted to PPCC

Observation
1.2.2.1 Section 43.9 of the PPCA required the procurement unit to forward to the Public Procurement & Concessions Commission (PPCC) on a quarterly basis a report for monitoring and evaluation purposes of the contracts awarded during the preceding quarter”.

1.2.2.2 During the period under audit, we were not presented with evidence that the reports were prepared and submitted to the PPCC as required.

Risk
1.2.2.3 It may be difficult to monitor and evaluate contracts in the absence of these reports.

Recommendation
1.2.2.4 We recommend that management should ensure that quarterly reports of procurement activities are prepared and submitted to PPCC as required.

Management’s Response
1.2.2.5 Noted, however, the Procurement Unit prepared a weekly report that is furnished to the Office of the Deputy Minister for Administration and present an annual report that is incorporated into the annual report of the Ministry. The Procurement Unit takes note of this observation and will ensure that its 2018/2019 reports are submitted to the Commission on a quarterly basis.

Auditor General’s position
1.2.2.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2.3 Supplier evaluation not done by the procurement unit

Observation
1.2.3.1 Section 8.1.2 of the Financial Management Manual requires the procurement unit to maintain “a profile of the past performance of suppliers, contractors and consultants with respect to their performance of contracts awarded under the PPCA”.

1.2.3.2 During the audit Management did that provide evidence of supplier performance evaluation for our review.
Management Letter on the
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For The Fiscal Year Ended June 30, 2015

Risk
1.2.3.3 The Ministry might continue to use vendors that might be inefficient in providing services.

Recommendation
1.2.3.4 We recommend that management should ensure that the procurement unit evaluates supplier’s performances after contract delivery.

Management’s Response
1.2.3.5 Noted. The Procurement Unit has developed a supplier evaluation template to be used during future procurement transactions.

Auditor General’s position
1.2.3.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2.4 Weaknesses in contract management

Observation
1.2.4.1 Section 41 of the PPC Act of 2005 as amended in 2010 states that the procuring entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- Ensuring that the contractor complies with the specifications and terms of the contract;

- Ensuring that the contract is being performed on schedule;

- Ensuring that payments made to the contractor are in accordance with the terms of the contract;

- Determining when a contract has been successfully performed which will entitle the contractor to final payment; and

- In the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations.

1.2.4.2 We noted during the audit some deficiencies in contract administration by the procurement unit. For instance, there are no personnel specifically assigned to manage contracts or monitor contract’s expiration. Also, there are no personnel specifically assigned to monitor contract terms.
Risk
1.2.4.3 It may be difficult to track the successful execution of contracts where clear responsibilities are not assigned.

Recommendation
1.2.4.4 We recommend that management should clearly assign the responsibility of monitoring contract terms and expiration. We also recommend that the procurement unit should ensure that contract terms and expiration are monitored to avoid possible litigations.

Management’s Response
1.2.4.5 The Procurement Unit in 2016 designated Procurement Officer for contract management. We have developed a database to monitor contracts taking into consideration the terms and conditions of the contract. However, it is acknowledged that sometimes contracts expire before payment are processed but this is due to the fact that works or services shall be completed before payment is made. The expiration date as set in the contract is measure by the duration of the assignment. We further note your assertion and will ensure that contract management is enhanced.

Auditor General’s position
1.2.4.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2.5 Procurement without documented evidence of procurement process

Observation
1.2.5.1 Section 8.1.4 of the MoH Financial Management Policies and Procedures Manual provides that procurement of goods with the value between US$10,001 and US$500,000 should be open to national competitive bidding.

1.2.5.2 We noted that there was no documentation of procurement process for the purchase of the following goods and services. See Table 4 below for details.

Table 4

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Date</th>
<th>PV number</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 16, 2015</td>
<td>V#000824; 4109-Other Specialized</td>
<td>18,445</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materials &amp; Service-Africa</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 16, 2015</td>
<td>V#000824; 4109-Other Specialized</td>
<td>18,445</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materials &amp; Service-Africa</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 16, 2015</td>
<td>V#000806; 1470-Other Specialized</td>
<td>90,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materials &amp; Service-Green</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 16, 2015</td>
<td>V#000805; 090-Other Specialized</td>
<td>51,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materials &amp; Service-Shop Rite</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 18, 2015</td>
<td>V#000823-Other Specialized</td>
<td>19,924</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materials &amp; Service-Africa Motors</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Other Specialized Materials &amp; Service</td>
<td>June 18, 2015</td>
<td>V#000826; 3993-Other Specialized</td>
<td>19,064</td>
</tr>
</tbody>
</table>
### Risk

1.2.5.3 Failure to implement MoH procedures as well as the PPCA of 2005 as amended in 2010 may lead to violation. Further, value for money may not be achieved in the procurement of these items.

### Recommendation

1.2.5.4 We recommend that management should ensure that all necessary procurement process is followed and the procurement process should be clearly documented on file.

### Management’s Response

1.2.5.5 During the periods 2013/2014 and 2014/2015, the above vouchers were categorized under the health emergency No objection received from the PPCC, this letter was part of the procurement documents presented to the auditors. While the Commission granted MOH a blanket no objection, the Procurement Unit in order to attain value for money launched a competitive process (shopping or Restricted bidding) for the above activities or directly source the suppliers as had been granted by the PPCC. Find attached “No objection to sole source from PPCC”.

### Auditor General’s position

1.2.5.6 Management did not provide the necessary document (“No objection to sole source from PPCC”) for the indicated transactions. Therefore, we maintain our finding and recommendation.

### 1.2.6 Deficiencies in the preparation and review of bank reconciliation statement

#### Observation

1.2.6.1 Regulation R3 of the PFM Act 2009 provides that “the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof.”

1.2.6.2 Section 4 of the MoH Financial and Procedures Manual also states that bank reconciliation shall be prepared for all bank accounts on monthly basis. All bank reconciliation statements shall be completed by an accountant within two weeks of receiving the bank statement. All completed bank reconciliation statements shall be reviewed by one of the following: Financial Accountant, management Accountant or Comptroller. The reviewers shall initial the bank reconciliation statement to ensure evidence of review.

1.2.6.3 We identified the following deficiencies in the preparation and review of bank reconciliation statements:

- Differences between book balance per bank reconciliation and amount per
general ledger for the bank reconciliation statement for the month of June 2015. Management was not able to explain the differences identified in the bank reconciliation statements. See appendix 2 for details.

- We noted that some reconciling items on the bank reconciliation statements has been outstanding for more than six months. See appendix 3 for the details of these long outstanding reconciling items.

**Risk**

1.2.6.4 The bank balance on the financial statement may be misstated due to errors on the bank reconciliation statement. Also, errors in the bank statement or cashbook may not be detected and corrected on time.

**Recommendation**

1.2.6.5 We recommend that management:

- Investigate the cause of the difference between book balance per bank reconciliation and amount per general ledger. New bank reconciliation statements should be prepared for these bank accounts. Management should also ensure that bank reconciliation statements are thoroughly reviewed. This will ensure that errors in the preparation of bank reconciliation statements are identified and corrected.

- Ensure that reconciling items identified on bank reconciliation statements are investigated and corrected on timely basis.

**Management’s Response**

1.2.6.6 MOH note that as at 10 November 2017 the reconciliation statements were not presented. However, all of the reconciliation statements were presented to the audit team. Management also takes note on the long outstanding of reconciling items and is taking steps to ensuring timely resolution of these reconciling items. See attached bank reconciliation indicated at appendix 2.

1.2.6.7 Also, the differences between the bank reconciliation and the cash ledger is due to exchange rate differences as the accounts listed in appendix 2 are balances stipulated in LRD whereas the balances in the General Ledger are in USD. The financial management system (ACCPAC) used by MOH during this period was unable to pass adjusting entries relating to exchange rate gains/losses.

**Auditor General’s position**

1.2.6.8 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.
1.2.7 **Petty cash count and reconciliation not performed**

**Observation**
1.2.7.1 Section 5.3 of the Financial Management Policies and Procedures Manual requires a surprise petty cash count to be conducted anytime during a month or year for all cash held with custodian of petty cash or operation funds at both MOH central office and the CHO. Petty cash reconciliation is required to be prepared by the Chief Accountant and reviewed by Comptroller.

1.2.7.2 We noted that petty cash count and reconciliations were not performed as required by the manual. There were no petty cash count sheets or reconciliation made available for our review.

**Risk**
1.2.7.3 Petty cash funds may be misapplied.

**Recommendation**
1.2.7.4 We recommend that management should ensure that guidelines and procedures for the management of petty cash outlined in Section 5.3 of the Financial Management Policies and Procedures Manual are strictly complied with.

**Management’s Response**
1.2.7.5 Petty cash count reports were submitted to the auditors for review during the audit period. However, we acknowledge that petty cash counts were not performed for every month. Moving forward, management will ensure compliance to the Financial Management and Procedures Manual.

**Auditor General’s position**
1.2.7.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

1.2.8 **Health Sector Pool funds used for Fixed Deposit**

**Observation**
1.2.8.1 Regulation H7 of the PFM Act 2009 provides that:

- The amount of money that periodically constitutes an idle balance in the Treasury Single Account system will be determined by the Comptroller-General.

- The Comptroller-General, in consultation with the Central Bank, will establish a short term plan aimed at making the most efficient use of these idle balances, based on principles agreed by the Minister, and with due regard to the short term spending requirements in the cash flow plans.

- The short term plan may include the re-purchase of Treasury Bills or other financial instruments issued by the Central Bank on behalf of the Government or
investment in short term financial instruments recommended by the Central Bank.

- Prior approval of the Minister is required before such plans can be implemented.

1.2.8.2 We noted that money in the bank account of the Health Sector Pool funds was used to purchase a series of Fixed Deposit and liquidated. There was no documentation on file to show that these transactions were approved by the Ministry of Finance and Development Planning (MFDP).

1.2.8.3 We also noted that the principal amount invested was not recorded in the records of the pool fund. As a result, there was no evidence of investments made.

1.2.8.4 In addition, the interest earned appears as a manual adjustment on the face of the bank reconciliation statement and the total interests were not traceable to the cashbook. A total of US$ US$36,060 had accrued as interest on the fixed deposits for the fiscal year 2014/2015 as detailed in table 5 below:

<table>
<thead>
<tr>
<th>Date of investment</th>
<th>Amount invested US$</th>
<th>Date of liquidation</th>
<th>Amount Liquidated US$</th>
<th>Interest earned US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Jul-14</td>
<td>2,500,000.00</td>
<td>8-Aug-14</td>
<td>2,500,000.00</td>
<td>4,365.56</td>
</tr>
<tr>
<td>23-Dec-14</td>
<td>4,500,000.00</td>
<td>23-Jan-15</td>
<td>4,500,000.00</td>
<td>7,750.00</td>
</tr>
<tr>
<td>4-Feb-15</td>
<td>3,500,000.00</td>
<td>6-Mar-15</td>
<td>3,500,000.00</td>
<td>5,833.33</td>
</tr>
<tr>
<td>14-Apr-15</td>
<td>3,000,000.00</td>
<td>13-May-15</td>
<td>3,000,000.00</td>
<td>5,000.00</td>
</tr>
<tr>
<td>18-May-15</td>
<td>4,000,000.00</td>
<td>17-Jun-15</td>
<td>4,000,000.00</td>
<td>6,666.67</td>
</tr>
<tr>
<td>30-Jun-15</td>
<td>4,000,000.00</td>
<td>29-Jul-15</td>
<td>4,000,000.00</td>
<td>6,444.44</td>
</tr>
<tr>
<td>Total</td>
<td>21,500,000.00</td>
<td></td>
<td>21,500,000.00</td>
<td>36,060.00</td>
</tr>
</tbody>
</table>

**Risk**

1.2.8.5 Program objectives may not be achieved as funds intended for program activities are used for fixed deposit.

1.2.8.6 The fixed deposit investments are not recorded in the cashbook, hence, there is no evidence that investment has been made in the ledger of MoH.

**Recommendation**

1.2.8.7 We recommend that management should ensure that justification is provided and approval is obtained from the MFDSP before program funds are invested. Going forward movement of cash into fixed deposit investment should be recorded in the cashbook of MoH.

1.2.8.8 Further, the accrued interest should be refunded to the MoH account.
Management’s Response

1.2.8.9 The MOH acknowledges the recommendation made by the auditors. Below is a background of the funding arrangement relative to the Health Sector Pool funds used for Fixed Deposit. The placement of time deposits from the Health Sector Pool Fund main account is in line with the Health Sector Pool Fund Procedures Manual C.2 Banking Arrangements – C.2.5 Interest Earned. Periodic projections are made for spending based on the approved Budget and Work plan for the Annual Plan of Strategic Funding Priorities. Once the estimated amount for un-utilized funds have been determined based on the amount within the Pool Fund Main account at a given point in time, some of the unutilized balance of funds in the pool fund main account is placed in risk-free, interest-yielding, timed deposits at rates subject to prevailing market conditions, negotiated and agreed by between the MOH and the Banking institution.

1.2.8.10 The Ministry of Health as of November 1, 2013, negotiated an interest rate of 2.0% per annum on the pool fund main bank account with Ecobank on timed deposits of 30 days and longer. All interest earned by a pool fund related bank account (main) is appropriately documented and disclosed in the financial reports as well as the Audited Financial Statements for the Health Sector Pool Fund. The Bank liquidates amount placed as fixed deposit after the required period. All interest earned on time deposits are utilized as part of the funds within the pool toward approved activities as per the Annual plan. In the FY 2015-2016 Audit conducted by an external auditor, was recommended that a separate ledger - general ledger account for Time Deposit be created to avoid overstatement in cash balance(s) and to enable tracking of movement in future Time Deposit activities. This account was created within the new financial management system (Netsuite) during the FY 2016-17.

1.2.8.11 There was no documentation of approval for the transaction by Ministry of Finance and Development Planning (MFDP) given the fund mechanism arrangements for the Health Sector Pool Fund. The Ministry of Finance and Development Planning does not approve funds placed in fixed deposits and the use of the program funds. However, the MFDP is a permanent member (Minister of Finance/ Deputy Minister for Budget and Planning) of the Health Sector Pool Fund Steering Committee a committee responsible for the oversight and decision-making body for the mechanism.

Auditor General’s position

1.2.8.12 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.2.9 Staff with the same identification number

Observation

1.2.9.1 Section 9.1 of the Ministry of Health Financial Management Policies and Procedures Manual (GoL Basic Salaries) states that at the end of the third working day of each month, the Human Resources Unit must submit to the CSA a detailed listing of staff
added to, deleted, and suspended from the regular payroll for onward submission to the MOFDP. The Human Resources Unit, along with the payroll accountant, will compare the monthly payroll outlay with the preceding month’s payroll. The Payroll Accountant will reconcile the MOFDP payroll listing to the MOH’s official personnel listing. The Human Resources Unit will also be responsible for reconciling its official personnel listing with the CSA’s personnel action notice (PAN).

1.2.9.2 Within the Ministry, there are two categories of payroll that is paid to employees on a monthly basis. These are:

- GoL basic salaries - This is prepared on a monthly basis by the CSA, with guidance from the MOH Human Resources Unit. The CSA processes the payroll and the MOFDP makes payment.

- Donor funded salaries and allowance – This payroll is processed and paid by the MoH.

1.2.9.3 Our analysis of the Government of Liberia payroll indicated that some staff paid had the same staff identification numbers. Some of the staff with the same identification number also has the same names. The following staffs with the same identification number were identified from our review of Government of Liberia Payroll for the month of September 2015. See Table 6 below for details.

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>FACILITY</th>
<th>GOL ID</th>
<th>LAST NAME</th>
<th>FIRST NAME</th>
<th>MIDDLE NAME</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montserrado</td>
<td>Administration</td>
<td>22-01-110-0012</td>
<td>Johnson</td>
<td>Mary</td>
<td></td>
<td>Cleaner</td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Kru County</td>
<td>Rally Time Hospital</td>
<td>22-01-110-0012</td>
<td>Johnson</td>
<td>Mary</td>
<td></td>
<td>Dispenser</td>
</tr>
<tr>
<td>Montserrado</td>
<td>Planning Research &amp; Development</td>
<td>22-07-241-5252</td>
<td>Fahnballeh</td>
<td>Linda</td>
<td></td>
<td>Assistant Director/Birth Registration</td>
</tr>
<tr>
<td>Montserrado</td>
<td>Redemption Hospital</td>
<td>22-11-506-1020</td>
<td>Mulbah</td>
<td>John</td>
<td></td>
<td>Security/Cleaner</td>
</tr>
<tr>
<td>County</td>
<td>Planning Research &amp; Development</td>
<td>22-11-506-1020</td>
<td>Mulbah</td>
<td>John</td>
<td></td>
<td>Driver/HR</td>
</tr>
<tr>
<td>Montserrado</td>
<td>Redemption Hospital</td>
<td>22-13-439-0611</td>
<td>Togba</td>
<td>Marie</td>
<td></td>
<td>Nurse Aide</td>
</tr>
<tr>
<td>County</td>
<td>Redemption Hospital</td>
<td>22-13-439-0611</td>
<td>Togbe</td>
<td>Mamie</td>
<td></td>
<td>Security/Cleaner</td>
</tr>
<tr>
<td>Montserrado</td>
<td>New Georgia Health Center</td>
<td>22-16-221-0654</td>
<td>Brown</td>
<td>E. Weade</td>
<td></td>
<td>Social Welfare Supervisor</td>
</tr>
</tbody>
</table>
Promoting Accountability of Public Resources

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>FACILITY</th>
<th>GOL ID</th>
<th>LAST NAME</th>
<th>FIRST NAME</th>
<th>MIDDLE NAME</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montserrado County</td>
<td>Redemption Hospital</td>
<td>22-16-221-0654</td>
<td>Brown</td>
<td>Samuel B.</td>
<td></td>
<td>Lab Technician</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>Administration</td>
<td>22-21-599-0078</td>
<td>Kanneh</td>
<td>Bomah</td>
<td></td>
<td>Driver</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>Reference Lab.</td>
<td>22-21-599-0078</td>
<td>Kanneh</td>
<td>Boima</td>
<td></td>
<td>Driver</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>Montserrat CHT</td>
<td>22-60-599-0723</td>
<td>Karto</td>
<td>Golagbaye C.</td>
<td></td>
<td>EHT (Environmental Health Technician)</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>Redemption Hospital</td>
<td>22-60-599-0723</td>
<td>Kawleh</td>
<td>Anna S.</td>
<td></td>
<td>RN (Registrar Nurse)</td>
</tr>
<tr>
<td>Cape Mount County</td>
<td>Lofa Bridge Clinic</td>
<td>22-62-436-6116</td>
<td>Beyan</td>
<td>Garmai M.</td>
<td></td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Cape Mount County</td>
<td>Fanti Town Clinic</td>
<td>22-62-436-6116</td>
<td>Washington</td>
<td>Vivian</td>
<td></td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Bong County</td>
<td>Phebe Hospital</td>
<td>22-62-599-0702</td>
<td>Henries</td>
<td>Sangai J.</td>
<td></td>
<td>BSN/RN</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>MOH/Blood Safety</td>
<td>22-62-599-0702</td>
<td>Henries</td>
<td>Sharate F.</td>
<td></td>
<td>Blood Donor Recruiter</td>
</tr>
<tr>
<td>Montserrado County</td>
<td>Redemption Hospital</td>
<td>22-62-599-2281</td>
<td>Baysah</td>
<td>Maima</td>
<td>Kawah</td>
<td>Med. Doctor</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>Government Camp Clinic</td>
<td>22-63-436-0001</td>
<td>Deljay</td>
<td>Magdalene</td>
<td></td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>Pyne Town Clinic</td>
<td>22-63-436-0001</td>
<td>Kpangbala</td>
<td>Korto</td>
<td>Saybah</td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>Nyenawleken Clinic</td>
<td>22-63-436-0006</td>
<td>Saydee</td>
<td>Esther C.</td>
<td></td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>FJ Grant Hospital</td>
<td>22-63-436-0006</td>
<td>Waleh</td>
<td>Rosetta N</td>
<td></td>
<td>CM (Certified Midwife)</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>FJ Grant Hospital</td>
<td>22-63-599-7158</td>
<td>Flahn</td>
<td>Alexander F</td>
<td></td>
<td>Security/Cleaner</td>
</tr>
<tr>
<td>Sinoe County</td>
<td>ENI Clinic</td>
<td>22-63-599-7158</td>
<td>Peters</td>
<td>Zora S.</td>
<td></td>
<td>OIC (Officer-In-Charge)</td>
</tr>
</tbody>
</table>

**Risk**

1.2.9.4 Staff information may be duplicated in the payroll which may result in the payment of salary to non-existent staff.

**Recommendation**

1.2.9.5 We recommend that management should ensure that a unique identification numbers assigned to each staff. Management should also ensure that the staffs identified above are physically verified to confirm the existence/legitimacy on the payroll.
Management’s Response

1.2.9.6 Management did not provide a response.

Auditor General’s position

1.2.9.7 In the absence of a response, we maintain our finding and recommendation.

1.2.10 Lack of proper staff files management

Observation

1.2.10.1 We noted that staff files provided did not include staff employment contract and other relevant documents. There were also staff whose files were not available for our review. The staff selected without staff file or employment letter are listed below:

<table>
<thead>
<tr>
<th>Payroll ID No.</th>
<th>Grade</th>
<th>Job Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>22-45-599-0410</td>
<td>P1-1</td>
<td>Assist. Adm. Officer</td>
</tr>
<tr>
<td>22-03-599-4618</td>
<td>E1-1</td>
<td>Biologist</td>
</tr>
<tr>
<td>22-58-922-0120</td>
<td>HE3-1</td>
<td>Registered Nurse</td>
</tr>
<tr>
<td>22-62-599-8859</td>
<td>HE3-1</td>
<td>Registered Nurse</td>
</tr>
<tr>
<td>22-01-110-0321</td>
<td>TAS1-1</td>
<td>Driver</td>
</tr>
<tr>
<td>22-26-439-1015</td>
<td>P1-1</td>
<td>Secretary</td>
</tr>
<tr>
<td>22-47-925-0001</td>
<td>TAS1-1</td>
<td>Cleaner</td>
</tr>
<tr>
<td>22-01-599-1656</td>
<td>TAS1-1</td>
<td>Office Attendant</td>
</tr>
<tr>
<td>22-01-235-0011</td>
<td>TAS1-1</td>
<td>Driver</td>
</tr>
</tbody>
</table>

Risk

1.2.10.2 Staff may be engaged/employed without employment contract. Staff without employment contract may not be bona-fide employees of MoH.

Recommendation

1.2.10.3 We recommend that management should ensure that files are maintained for each staff of the Ministry. Each staff folder should include among other information Personnel Action notice Form, Employment Record Forms, Curriculum Vitae (CV), Duty Statements, letters of appointment and appraisal forms.

Management’s Response

1.2.10.4 Noted. MOH will take necessary steps to ensure all personnel files are appropriately updated as per the MOH-HRH policy.

Auditor General’s position

1.2.10.5 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
1.2.11 Deficiencies in the management of fixed asset

Observation

1.2.11.1 Regulation V.4 of the PFM Act 2009 provides that:

- Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency.

- The master inventory shall record under each category of item:
  - the date and other details of the voucher or other document on which the items were received or issued;
  - their serial numbers where appropriate; and
  - their distribution to individual locations and the total quantity held.

- In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location.

- The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur.

1.2.11.2 We noted the following during our review of fixed assets of Ministry:

- The asset register of the Ministry is not consolidated. The asset register is fragmented across departments and project units.

- There were inconsistencies between vehicle listing provided by the Asset Manager and the listing provided by the Transport department.

- The copy of vehicle register with the Asset Manager has not been updated.

- The fixed asset register does not include the cost of some assets.

- The fixed asset register has a lot of assets classified as damaged and out of use and there is no plan available in respect of disposing/cleaning up of the register.

Risk

1.2.11.3 The fragmented assets register makes it difficult to track the usage of assets of the Ministry.

Recommendation

1.2.11.4 We recommend that management should consolidate all the MoH asset registers as required by the PFM Regulations. This register should be periodically updated to ensure it is consistent with all sub-asset registers. Management should ensure that the asset register is updated with all the required fields in accordance with regulation V of the PFM Act 2009.
1.2.11.5 We also recommend that management should assess the assets designated as damaged or out of use to determine whether they could be repaired. Management should develop a disposal plan to clean up the asset register.

Management’s Response

1.2.11.6 Noted. MOH will ensure that the recommendations will be adhered to moving forward. In addition, Management has validated the MOH Fixed Asset Standard Operating Procedures Manual.

Auditor General’s position

1.2.11.7 We know Management’s acceptance of our finding and recommendation. However, Management should implement the recommendation within 30 days after the issuance of this report to the National Legislature and submit evidence of implementation to the Office of the Auditor General. Further, the Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.2.12 Weak financial monitoring of County health teams and implementing partners

Observation

1.2.12.1 Section 15.2 of MoH Financial Management Policies and Procedures Manual states that “visits shall be undertaken by members of the M&E Unit, senior members of administration, along with staff of the OFM of MOH to support and supervise the county institutions. Support visits will take place on a regular basis, with all institutions visited twice in each 12-month period. The support and supervision visits will entail checking the following:

- Monthly and quarterly financial reports against original supporting documentation
- Bank reconciliation against original bank statements
- Maintenance of accounting records
- Appropriate documentations and maintenance of files
- Verification of assets
- Verification of quality of projects being carried out or completed
- Whether implementation will meet deadlines”

1.2.12.2 We noted that although MoH conducts monitoring of the CHTs/IPs, there were some gaps in the reviews performed. As a result of this, significant issues were identified during our audit of the county health teams and implementing partners. Key among the findings are:

- Discrepancies in funds liquidated by CHTs/IPs and records of MoH
- Fund accountability statements not prepared by the CHTs/IPs
Management Letter on the
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
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- Bank reconciliations not prepared
- Significant number of unsupported transactions

**Risk**

1.2.12.3 Project fund may be misappropriated or misapplied. Financial information provided by the county health teams and the implementing partners may not be accurate.

**Recommendation**

1.2.12.4 We recommend that the MoH should perform a detailed review during financial monitoring visits, to cover the following:

  - Monthly and quarterly financial reports against original supporting documentation
  - Bank reconciliation against original bank statements
  - Maintenance of accounting records
  - Appropriate documentations and maintenance of files
  - Verification of assets
  - Verification of quality of projects being carried out or completed
  - Whether implementation will meet deadlines

1.2.12.5 Further, we recommend that reconciliation between the balances held at MoH and the liquidations submitted by the county health teams/implementing partners should be performed.

**Management’s Response**

1.2.12.6 Noted. The MOH is taking steps to ensure regular monitoring of CHT/IP be conducted. Management has prepared a detailed monitoring schedule and corresponding checklists to be used by the financial supervision teams.

**Auditor General’s position**

1.2.12.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
2 DETAILED AUDIT FINDINGS – COUNTY HEALTH TEAMS

2.1 Margibi County Health Team - Financial Issues

2.1.1 Non-payment of Withholding Income Tax

Observation

2.1.1.1 Section 905 (a) of the Revenue Code of Liberia states that “Resident persons who make payments to resident natural persons pursuant to a contract of employment are required to withhold income tax on payments to employees according to the schedule established in Section 200. Withheld amounts are to be deducted from every payment due to an employee and to be paid over to the Government on a monthly basis, with payments due within 10 days of the last day of each month.”

2.1.1.2 We observed that MCHT did not deduct and remit withholding tax on a total of L$3,431,250.00 paid out as incentives to Health Workers. Details of these transactions are provided in the table 8 below for details:

Table 8

<table>
<thead>
<tr>
<th>Date</th>
<th>Description per G/L</th>
<th>Transaction reference</th>
<th>Amount L$</th>
</tr>
</thead>
<tbody>
<tr>
<td>28/08/2014</td>
<td>ROLAND M. REEVES, HEALTH WORKERS INCENTIVES</td>
<td>Pv # 6911</td>
<td>1,237,500.00</td>
</tr>
<tr>
<td>19/09/2014</td>
<td>ALEXANDER KORKOR, gCHVs INCENTIVES (EBOLA RESPONSE)</td>
<td>Pv # 7003</td>
<td>742,500.00</td>
</tr>
<tr>
<td>19/09/2014</td>
<td>ALEXANDER KORKOR, HEALTH WORKERS INCENTIVES (EBOLA RESPONSE)</td>
<td>Pv # 7004</td>
<td>771,750.00</td>
</tr>
<tr>
<td>19/09/2014</td>
<td>ALEXANDER KORKOR, HEALTH WORKERS INCENTIVES (EBOLA RESPONSE)</td>
<td>Pv # 7005</td>
<td>679,500.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,431,250.00</td>
</tr>
</tbody>
</table>

Risk

2.1.1.3 Failure to deduct and remit withholding Tax could deprive GOL the need tax revenue.

Recommendation

2.1.1.4 The MCHT should provide justification for the non-deduction and remittance of withholding tax from Health Worker Incentives as indicated above.

2.1.1.5 Additionally, the associated interest and penalties according to section 51 to 52 of the Revenue Code of Liberia of 2000 as amended in 2011 should be computed and remitted to the appropriate GOL account.

Management’s Response

<table>
<thead>
<tr>
<th>Date</th>
<th>Description per G/L</th>
<th>Transaction reference</th>
<th>Amount L$</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>28/08/2014</td>
<td>Roland M. Reeves, Health Workers Incentives (Ebola Response)</td>
<td>PV # 6911</td>
<td>1,237,500.00</td>
<td>Non-payment of withholding income tax</td>
</tr>
</tbody>
</table>
Management Letter on the
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Description per G/L</th>
<th>Transaction reference</th>
<th>Amount L$</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/09/2014</td>
<td>Alexander Korkor, gCHVs Incentives (Ebola Response)</td>
<td>PV # 7003</td>
<td>742,500.00</td>
<td>Non-payment of withholding income tax</td>
</tr>
<tr>
<td>19/09/2014</td>
<td>Alexander Korkor, gCHVs Incentives (Ebola Response)</td>
<td>PV # 7004</td>
<td>771,750.00</td>
<td>Non-payment of withholding income tax</td>
</tr>
<tr>
<td>19/09/2014</td>
<td>Alexander Korkor, gCHVs Incentives (Ebola Response)</td>
<td>PV # 7005</td>
<td>679,500.00</td>
<td>Non-payment of withholding income tax</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>3,431,250.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

2.1.1.6 Noted. Management has ensured that the applicable tax be calculated, deducted and remitted to government.

**Auditor General’s position**

2.1.1.7 We knowledge Management’s acceptance of our finding and recommendation. However, the Management should pay into the appropriate GOL Account the withholding tax along with the associated interest and penalties within sixty (60) days after the issuance of the Report to the National Legislature and submit evidence thereof to the Office of the Auditor General.

2.2 **Montserrado County Health Team –Internal Control/Compliance Issues**

2.2.1 **Bank Reconciliations not prepared regularly**

**Observation**

2.2.1.1 Section 10.6.2 of the Financial Management Manual of the Ministry of Health (MoH) provides that bank statements should be reconciled with cash books each month for all of the MoH’s bank accounts, before closing books.

2.2.1.2 In addition, Regulation R.3 (6) of the amended Public Financial Management Act of 2010 (Bank Accounts for Ministries and Government Agencies) states that “The balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof”.

2.2.1.3 During the period under review, we noted that bank reconciliation statements were not prepared for the month of June 2015.

**Risk**

2.2.1.4 The County Health Team will not be able to identify on a timely basis any errors or omissions for corrective action to be taken as bank reconciliation statements are not prepared regularly.
2.2.1.5 Recommendation

We recommend that the County Health Team reconciles bank accounts on a monthly basis in order to identify and reconcile discrepancies between the bank statements and the cash book maintained.

Management’s Response

2.2.1.6 Recommendation noted.

Auditor General’s position

2.2.1.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.3 Gbarpolu County Health Team – Financial Issues

2.3.1 Transactions not supported

Observation

2.3.1.1 Section 7.2 of the Financial Management Manual of the Ministry of Health (General Overview of Payment Procedures at the County Level) provides that “The FO/HFO checks the payment request documentation to ensure the following are adhered to:

- Payment request has been appropriately authorized, and all required documentation is attached
- Calculations are correct.
- Expenditure falls within budget.
- All documents received are originals or certified copies. Photocopies shall not be accepted as these may lead to multiple payments”

2.3.1.2 During our audit, we noted that expenditure in the total amount of US$9,000 was not supported. Details of these transactions are provided in table 9 below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Reference #</th>
<th>Amount US$</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of Fuel Coupons</td>
<td>PV No. 77587</td>
<td>2,175</td>
<td>No supporting document attached</td>
</tr>
<tr>
<td>Payment of Workmanship veh. Repairs</td>
<td>PV No. 71728</td>
<td>1,500</td>
<td>No supporting document attached</td>
</tr>
<tr>
<td>Payment of salary</td>
<td>PV No. 71724</td>
<td>2,325</td>
<td>No supporting document attached</td>
</tr>
<tr>
<td>Payment of incidentals Ebola Response</td>
<td>PV No. 71716</td>
<td>500</td>
<td>No supporting document attached</td>
</tr>
<tr>
<td>Payment of coupons for Ebola</td>
<td>PV No. 69947</td>
<td>2,500</td>
<td>No supporting document attached</td>
</tr>
<tr>
<td>Response</td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>9,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Risk
2.3.1.3 Payments could be made for transactions that does not relates to normal activities of the County Health Team thus leading to financial loss to the Ministry.

Recommendation
2.3.1.4 We recommend that the County Health Team should ensure that all transactions are adequately supported with sufficient third party documents.

Management’s Response
2.3.1.5 Recommendation noted.

Auditor General’s position
2.3.1.6 There was no evidence that Management provided supporting documents for the indicated expenditure. Therefore, management should account for the amount of US$9,000 without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.4 Gbarpolu County Health Team – Internal Control/Compliance Issues

2.4.1 Bank reconciliation not prepared

Observation
2.4.1.1 Section 10.6.2 of the Financial Management Manual of the Ministry of Health (MoH) provides that bank statements should be reconciled with cash books each month for all of the MoH’s bank accounts, before closing books.

2.4.1.2 In addition, Regulation R.3 (6) of the amended Public Financial Management Act of 2010 (Bank Accounts for Ministries and Government Agencies) states that “The balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof”.

2.4.1.3 During the period under review, we noted that bank reconciliation statements for the Liberia Dollar and United States Dollar Accounts were not prepared

Risk
2.4.1.4 The County Health Team will not be able to identify on a timely basis any errors or omissions for corrective action to be taken as bank reconciliation statements are not prepared regularly.

Recommendation
2.4.1.5 We recommend that the County Health Team reconciles bank accounts on a monthly basis in order to identify and reconcile discrepancies between the bank statements and the cash book maintained.
Management’s Response

2.4.1.6 Recommendation noted.

Auditor General’s position

2.4.1.7 We acknowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.5 Bong County Health Team – Financial Issues

2.5.1 Payments without Adequate Supporting Documents

Observation

2.5.1.1 Section 7.3 (b) of the FMPP, 2012 of MOH explains the payment procedures at Counties level and indicates the necessary supporting documents for payments.

2.5.1.2 We observed that several expenditures for goods/services in the amounts of US$37,523.00 and L$498,800.00 for fiscal period 2014/2015 did not contain adequate supporting documents such as cash invoices/receipts to validate the transactions. Refer to transactions references: PV#73033, PV#78131, PV#73011 and PV#78304.

Risk

2.5.1.3 The lack of adequate supporting documents cast doubt on the genuineness of the expenditure and could lead to misappropriation of funds.

Recommendation

2.5.1.4 We recommend that the County Health Team should ensure that all transactions are adequately supported with sufficient third party documents. Transactions without appropriate supporting documents of US$37,523.00 and L$498,800.00 should be refunded to the MoH bank account.

Management’s Response

2.5.1.5 We acknowledge your recommendation. The finance office of the Bong County Health Team has on file all supporting documents for the above referenced payments.

Auditor General’s position

2.5.1.6 Documents provided by the Bong County Health Team amounted to US$19,648.00 (PV#:s 73011 and 73033) out of the total amounts of US$37,523.00 and L$498,800.00. Therefore, we have modified our recommendation for Management to account for US$17,875.00 (37,523.00- 19,648.00) and L$498,800.00 without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.
2.6  **Bong County Health Team – Internal Control/Compliance Issues**

2.6.1  **Bank Reconciliation statements not dated**

**Observation**

2.6.1.1  Section 4.5 of the FMPP, 2015 of MOH states, “All bank reconciliations shall be reviewed by the CHSA or CHO at the CHTs, and the HA or MD at the hospitals. The CHO, the HA, and the MD shall review and sign the bank reconciliations, evidencing review of the bank reconciliation”.

2.6.1.2  We noticed that bank reconciliations reviewed for the fiscal period 2014/2015 were not dated so as to determine the timeliness of the reviews.

**Risk**

2.6.1.3  Failure to appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.

**Recommendation**

2.6.1.4  The BCHT should ensure that bank reconciliations are appropriately reviewed for the timely detection and correction of errors or omissions.

**Management’s Response**

2.6.1.5  *Recommendation noted.*

**Auditor General’s position**

2.6.1.6  We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

2.7  **Lofa County Health Team – Internal Control/Compliance Related Issues**

2.7.1  **Bank Reconciliation Statements not dated**

**Observation**

2.7.1.1  Section 4.5 of the FMPP, 2015 of MOH states, “All bank reconciliations shall be reviewed by the CHSA or CHO at the CHTs, and the HA or MD at the hospitals. The CHO, the HA, and the MD shall review and sign the bank reconciliations, evidencing review of the bank reconciliation”.

2.7.1.2  We noticed that bank reconciliations reviewed for the fiscal period 2014/2015 were not dated so as to determine the timeliness of the reviews.

**Risk**

2.7.1.3  Failure to appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.
2.7.1.4  Recommendation
The LCHT should ensure that bank reconciliations are appropriately reviewed for the timely detection and correction of errors or omissions.

Management’s Response
2.7.1.5  Recommendation noted.

2.7.1.6  Auditor General’s position
We know Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

2.8  Nimba County Health Team – Internal Control/Compliance Issues

2.8.1  Bank Reconciliation Statements not dated

Observation
2.8.1.1  Section 4.5 of the FMPP, 2015 of MOH states, “All bank reconciliations shall be reviewed by the CHSA or CHO at the CHTs, and the HA or MD at the hospitals. The CHO, the HA, and the MD shall review and sign the bank reconciliations, evidencing review of the bank reconciliation”.

2.8.1.2  We noticed that bank reconciliations reviewed for the fiscal period 2014/2015 were not dated so as to determine the timeliness of the reviews.

Risk
2.8.1.3  Failure to appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.

Recommendation
2.8.1.4  The NCHT should ensure that bank reconciliations are appropriately reviewed for the timely detection and correction of errors or omissions.

Management’s Response
2.8.1.5  Recommendation noted.

2.8.1.6  Auditor General’s position
We know Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, a follow up on the implementation will be made during subsequent audit.

2.8.2  Noncompliance with Procurement Procedures

Observation
2.8.2.1  Section 8.2 of the FMPP, 2012 of MOH clarifies that procurement at the county level can be done in the following ways: (a) value of procurement above US$500 and less than US$1000 is undertaken by the county; (b) value of procurement above US$1000 and
less than US$5000 is undertaken by the county with the involvement of MOH; (c) value of procurement up to US$5000 and above is undertaken by MoH.

2.8.2.2 Additionally, Pages (6 to 12) of the Procurement Standard Operating Procedure (PSOP), Version 4.05, of MOH outlines the procurement processes for the various Procurement Methods (Request for Quotation/Shopping Method; National and International Competitive Bidding Methods)

2.8.2.3 We noticed that the procurement of various goods amounting to US$19,300.00 and L$722,292.00 undertaken by and on behalf of the county were not in line with the appropriate procurement method. An analysis of the financial report revealed that the actual expenditure incurred for the purchases required the National Competitive Bidding (NCB) Method.

2.8.2.4 In addition, these payments did not contain delivery note/job completion certificate to authenticate that goods/services were delivered/completed. Details of these transactions are provided in table 10 below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction reference number</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>Required Procurement Method</th>
<th>Delivery Note/Job Completion Certificate Provided (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rep. &amp; Maint. - Civil-electrical materials</td>
<td>PV#75185</td>
<td>300.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Food and Catering Services for Bernard Lakpor payment for food meal</td>
<td>PV#75188</td>
<td>12,050.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Food and Catering Services -Maima Kamara payment for food for Polio</td>
<td>PV#75212</td>
<td>6,950.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>LIB Petroleum -Payment for Fuel</td>
<td>PV#61690</td>
<td>-</td>
<td>7,750.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Thunder Bird vehicle repair- spare parts</td>
<td>PV#61694</td>
<td>-</td>
<td>186,792.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Thunder Bird- payment for vehicle spare parts received on credit for RL-3000</td>
<td>PV#61967</td>
<td>-</td>
<td>177,450.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction reference number</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>Required Procurement Method</th>
<th>Delivery Note/Job Completion Certificate Provided (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jungle Water Investment -Building Materials for Butuo staff quarter supplied and delivered on Account.</td>
<td>PV#61688</td>
<td>90,300.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Jungle Water payment for fuel on account</td>
<td>PV#61700</td>
<td>260,000.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>19,300.00</strong></td>
<td><strong>722,292.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risk**

2.8.2.5 Failure to apply the appropriate procurement procedures could undermine value for money.

2.8.2.6 The lack of delivery notes and job completion certificate casts doubt on the delivery and completion of goods and services respectively.

**Recommendation**

2.8.2.7 NCHT and MOH Central Office should provide the necessary documents to substantiate that the appropriate procurement procedures were applied and goods/services were delivered/completed for the indicated transactions or the said amount should be refunded to the MoH account.

**Management’s Response**

2.8.2.8 Noted.

**Auditor General’s position**

2.8.2.9 There was no evidence that the procurement procedures were adhered to accordingly. Therefore, we maintain our finding and recommendation. Further, Management is in breach of Sections 48(1) and 53(1 a-c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010.

2.9 Grand Gedeh County Health Team – Financial Issues

2.9.1 Source of Income Not Categorized

**Observation**

2.9.1.1 Section 4.2 of the Financial Management Policies and Procedures Manual (FMPP), 2012 of MOH requires that a cashbook be categorized by the sources of funding.
2.9.1.2 We observed that the total amount of US$2,019.72 (transaction reference number: 29800 and a transfer dated 09/25/14 and 02/09/15) were recorded in the cashbook without indicating the precise funding sources. The fund was recorded as GOL/EU funding source which, made it difficult for us to classify.

Risk

2.9.1.3 Unspecified source of income could lead to inaccurate reporting of funds received from various sources.

Recommendation

2.9.1.4 The Grand Gedeh County Health Team (GGCHT) should indicate the precise funding source and categorize it as such.

Management’s Response

2.9.1.5 Recommendation noted.

Auditor General’s position

2.9.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation.

2.10 Grand Gedeh County Health Team – Internal Control/Compliance Issues

2.10.1 Bank Reconciliation Statements not prepared

Observation

2.10.1.1 Section 4.3.2 of the FMPP, 2012 of MOH requires that the FOs at the CHTs shall reconcile the bank accounts and the cash books each month for all bank accounts. Additionally, all completed bank reconciliation shall be reviewed by the CHSA or CHO in the CHT and the HA or MD in the Hospital.

2.10.1.2 There was no evidence that the FO of GGCHT prepared bank reconciliations of bank accounts maintained for four months (March, April, May and June) for the fiscal period 2014/2015. Further, bank reconciliations reviewed were not dated so as to determine the timeliness of the reviews.

Risk

2.10.1.3 Failure to prepare and appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.

Recommendation

2.10.1.4 The GGCHT should ensure that bank reconciliations are prepared and appropriately reviewed for the timely detection and correction of errors or omissions.

Management’s Response

2.10.1.5 Recommendation noted.
Auditor General’s position

2.10.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.11 Sinoe County Health Team – Financial Issues

2.11.1 Transactions not adequately supported

Observation

2.11.1.1 Section 7.3 (b) of the FMPP, 2012 of MOH explains the payment procedures at Counties level and indicates the necessary supporting documents for payments.

2.11.1.2 We observed that several expenditures for goods/services in the amounts of US$68,943.38 and L$243,000.00 for fiscal period 2014/2015 did not contain adequate supporting documents such as cash invoices/receipts to validate the transactions. Refer to transactions references: PV#73620, PV#73623, PV#73621, PV#73560, PV#73606, PV#73672, CK#3386, CK#50761, CK# 50760, PV#73675, PV#73691, PV#73622, CK#3363, PV#73669, CK#3383 and PV#73679.

Risk

2.11.1.3 The lack of adequate supporting documents cast doubt on the genuineness of the expenditure and could lead to misappropriation of funds.

Recommendation

2.11.1.4 We recommend that the County Health Team should ensure that all transactions are adequately supported with sufficient third party documents. Transactions without appropriate supporting documents of US$68,943.38 and L$243,000.00 should be refunded to the MoH bank account.

Management’s Response

2.11.1.5 As it relates to this issue raised in your management letter submitted to us, the management of SCHT would like to inform you that those cash invoices/receipts in question were available to the auditors for review. But due to the insufficient time from the auditor’s end, they couldn’t review those documents carefully for the period 2014/2015. However, the management will therefore submit same for your review.

Auditor General’s position

2.11.1.6 Documents provided by the Sinoe County Health Team amounted to US$17,072.16 and L$243,000.00 (PV#: PV#73620, PV#73623, PV#73621, PV#73560, PV#73606, PV#73672, PV#73675, PV#73691, CK#50761, CK#3363, CK#3383 and PV#73679) out of the total amounts of US$68,943.38 and L$243,000.00. Therefore, we have modified our recommendation for Management to account for **US$51,871.22** (68,943.38 - 17,072.16) without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.
2.12 Sinoe County Health Team – Internal Control/Compliance Issues

2.12.1 Bank Reconciliation Statements not dated

Observation
2.12.1.1 Section 4.5 of the FMPP, 2015 of MOH states, “All bank reconciliations shall be reviewed by the CHSA or CHO at the CHTs, and the HA or MD at the hospitals. The CHO, the HA, and the MD shall review and sign the bank reconciliations, evidencing review of the bank reconciliation”.

2.12.1.2 We noticed that bank reconciliations reviewed for the fiscal period 2014/2015 were not dated so as to determine the timeliness of the reviews.

Risk
2.12.1.3 Failure to appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.

Recommendation
2.12.1.4 The SCHT should ensure that bank reconciliations are appropriately reviewed for the timely detection and correction of errors or omissions.

Management’s Response
2.12.1.5 Recommendation noted.

Auditor General’s position
2.12.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

2.12.2 Noncompliance with Procurement Procedures

Observation
2.12.2.1 Section 8.2 of the FMPP, 2012 of MOH clarifies that procurement at the county level can be done in the following ways: (a) value of procurement above US$500 and less than US$1000 is undertaken by the county; (b) value of procurement above US$1000 and less than US$5000 is undertaken by the county with the involvement of MOH; (c) value of procurement up to US$5000 and above is undertaken by MOH.

2.12.2.2 Additionally, Pages (6 to 12) of the Procurement Standard Operating Procedure (PSOP), Version 4.05, of MOH outlines the procurement processes for the various Procurement Methods (Request for Quotation/Shopping Method; National and International Competitive Bidding Methods).

2.12.2.3 We noticed that the procurement of various goods amounting to US$7,127.00 and L$1,552,370.00 undertaken by and on behalf of the county were not in line with the appropriate procurement methods. An analysis of the financial report revealed that the
actual expenditure incurred for the purchases required the National Competitive Bidding (NCB) Method. In addition, several of these payments did not contain delivery note to authenticate that the goods were delivered. Details of these transactions are provided in Table 11 below:

### Table 11

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction reference number</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>Required Procurement Method</th>
<th>Delivery Note Provided (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationery to Matirankie Kanneh (Stationery)</td>
<td>PV#73615</td>
<td>452.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Lubricants - Vehicles to Yeabea Clarke (75 gals. fuel oil)</td>
<td>PV#73614</td>
<td>450.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Lubricants - Vehicles to Matirankie Kanneh (45 gals. fuel oil)</td>
<td>PV#73621</td>
<td>225.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>2-Real Filing Station (1334 gals. fuel oil)</td>
<td>PV#73687</td>
<td>6,000.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Gasoline - Vehicles to 2 Real Filing Station fuel oil</td>
<td>PV#53971</td>
<td>-</td>
<td>200,000.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Lubricants - Vehicles to 2 Real Filing Station fuel oil</td>
<td>PV#54948</td>
<td>-</td>
<td>100,000.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Lubricants - Vehicles to 2-Real Filing Station (fuel)</td>
<td>PV#73557</td>
<td>-</td>
<td>650,000.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Rep. &amp; Maint. - Motor Cycles and Others to Jadik Investment - motorbikes spare parts</td>
<td>PV#73560</td>
<td>-</td>
<td>243,000.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Fuel &amp; Lubricants - Motor Cycles and Other to 2-Real Filing Station (Lubricants)</td>
<td>PV#73575</td>
<td>-</td>
<td>144,370.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Stationery to African Books &amp; Stationery Store (stationery)</td>
<td>PV#73573</td>
<td>-</td>
<td>215,000.00</td>
<td>National Competitive Bidding</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>7,127.00</td>
<td>1,552,370.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risk**

2.12.2.4 Failure to apply the appropriate procurement procedures could undermine value for money.

2.12.2.5 The lack of delivery note casts doubt on the delivery of goods.
Recommendation

2.12.2.6 SCHT and MOH Central Office should provide the necessary documents to substantiate that the appropriate procurement procedures were applied and goods were delivered for the indicated transactions or the amount should be refunded the MoH account.

Management’s Response

2.12.2.7 Management takes note of the non-compliance in these procurement activities. However, we assert that the required procurement method in this instance is "Shopping" or "RFQ" and not "National Competitive Bidding". The MOH will ensure that County logisticians issue the RFQ before soliciting quotations and the required documents are attached.

Auditor General’s position

2.12.2.8 There was no evidence that the procurement procedures were adhered to accordingly. Therefore, we maintain our finding and recommendation. Further, Management is in breach of Sections 48(1) and 53(1 a-c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010.

2.13 Grand Kru County Health Team – Financial Issues

2.13.1 Transfers from MOH not recorded

Observation

2.13.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
2.13.1.2 Additionally, Section 13.1 of the FMPP, 2012 of MOH outlines the procedures to apply and the necessary documents (cash book, ledgers, bank reconciliations, reports, etc.) to retain for financial records.

2.13.1.3 There was no evidence that GKCHT maintained any record for money received from GOL/donors and expenditures incurred for the fiscal period 2014/2015. An Analysis of records at Ministry of Health Central Office revealed that the Management received US$127,552.22.

**Risk**

2.13.1.4 The failure of Management to maintain the necessary records for transactions carried out undermines accountability of public resources and could lead to misappropriation of fund.

**Recommendation**

2.13.1.5 The GKCHT should provide the necessary records to support the financial transactions carried out for the period or the amount should be refunded to MoH account.

**Management’s Response**

2.13.1.6 Recommendation noted.

**Auditor General’s position**

2.13.1.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.14 **River Gee County Health Team – Financial Issues**

2.14.1 **Payments without Adequate Supporting Documents**

**Observation**

2.14.1.1 Section 7.3 (b) of the FMPP, 2012 of MOH explains the payment procedures at Counties level and indicates the necessary supporting documents for payments.

2.14.1.2 We observed that several expenditures amounting to US$387,933.91 and L$13,189,670.62 for fiscal period 2014/2015 did not contain adequate supporting documents such as payment vouchers, cash invoices/receipts to validate the transactions. See Appendix 4 for details.

**Risk**

2.14.1.3 The lack of adequate supporting documents cast doubt on the genuineness of the expenditure and could lead to misappropriation of funds.

**Recommendation**

2.14.1.4 We recommend that Management should ensure that all expenses are adequately supported. The unsupported expenses of US$387,933.91 and L$13,189,670.62 should be refunded to the MoH bank account.
Management’s Response

2.14.1.5  Documents are available for further review.

Auditor General’s position

2.14.1.6  Documents provided by the Rivergee County Health Team amounted to US$372,948.91 and L$5,954,920.00 out of the total amounts of US$387,933.91 and L$13,189,670.62. Therefore, we have modified our recommendation for Management to account for US$14,985.00 (387,933.91 – 372,948.91) and L$7,234,750.62 (13,189,670.62 – 5,954,920.00) without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.15  River Gee County Health Team – Internal Control/Compliance Issues

2.15.1  Noncompliance with Procurement Procedures

Observation

2.15.1.1  Section 8.2 of the FMPP, 2012 of MOH clarifies that procurement at the county level can be done in the following ways: (a) value of procurement above US$500 and less than US$1000 is undertaken by the county; (b) value of procurement above US$1000 and less than US$5000 is undertaken by the county with the involvement of MOH; (c) value of procurement up to US$5000 and above is undertaken by MOH.

2.15.1.2  Additionally, Pages (6 to 12) of the Procurement Standard Operating Procedure (PSOP), Version 4.05, of MOH outlines the procurement processes for the various Procurement Methods (Request for Quotation/Shopping Method; National and International Competitive Bidding Methods)

2.15.1.3  We noticed that the procurement of various goods amounting to US$2,700.00 and L$1,685,943.00 undertaken by and on behalf of the county were not in line with the appropriate procurement methods. An analysis of the financial report revealed that the actual expenditure incurred for the purchases required the Request for Quotations (RFQ) and National Competitive Bidding (NCB) Methods. In addition, these payments did not contain delivery note to authenticate that the goods were delivered. Details of these transactions are provided in Table 12 below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction reference number</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>Procurement Method</th>
<th>Delivery Note Provided (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Gee Petroleum (500gals of gasoline)</td>
<td>38091/52773</td>
<td>2,700.00</td>
<td>-</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Thunder Bird Corp.(S/Parts)</td>
<td>10640/52065</td>
<td>-</td>
<td>355,698.00</td>
<td>Request For Quotation</td>
<td>No</td>
</tr>
<tr>
<td>Jadik Investment S/Parts</td>
<td>10641/52066</td>
<td>-</td>
<td>342,000.00</td>
<td>Request For Quotation</td>
<td>No</td>
</tr>
</tbody>
</table>

### Description

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction reference number</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>Procurement Method</th>
<th>Delivery Note Provided (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Ideas (Assorted Stationeries )</td>
<td>18603/52081</td>
<td>-</td>
<td>252,765.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Dwalu Printing Press (Log. Books)</td>
<td>18605/52083</td>
<td>-</td>
<td>67,500.00</td>
<td>Request For Quotation</td>
<td>No</td>
</tr>
<tr>
<td>Satta Filling Station (fuel)</td>
<td>18598/52076</td>
<td>-</td>
<td>415,800.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Super Petroleum (Fuel)</td>
<td>18599</td>
<td>-</td>
<td>69,480.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Anthony Bro. Garage (Veh. Repair)</td>
<td>18600/52079</td>
<td>-</td>
<td>69,300.00</td>
<td>Request For Quotation</td>
<td>No</td>
</tr>
<tr>
<td>Emman Quayee (Dr. House Bld. Mats.)</td>
<td>18610/52088</td>
<td>-</td>
<td>61,290.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td>Super Petroleum (150gals fuel)</td>
<td>18611/52029</td>
<td>-</td>
<td>52,110.00</td>
<td>National Competitive Bidding</td>
<td>No</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,700.00</strong></td>
<td><strong>1,685,943.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Risk

2.15.1.4 Failure to apply the appropriate procurement procedures could undermine value for money.

2.15.1.5 The lack of delivery note casts doubt on the delivery of goods.

### Recommendation

2.15.1.6 RCHT and MOH Central Office should provide the necessary documents to substantiate that the appropriate procurement procedures were applied and goods were delivered for the indicated transactions or the amount should be refunded to MoH account.

### Management’s response

2.15.1.7 Recommendation noted

### Auditor General’s position

2.15.1.8 We acknowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. However, Management is in breach of Sections 48(1) and 53(1 a-c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010.
2.16 Maryland County Health Team – Financial Issues

2.16.1 Transfers from MoH not recorded in Cash Book

Observation
2.16.1.1 Section 4.2 of the Financial Management Policies and Procedures Manual (FMPP), 2012 of MOH requires that all income be entered/recorded in the cashbook when funds are received.

2.16.1.2 We observed that income amounting to US$75,049.33 captured on the bank statement on August 14, 2014 was not recorded in the cash book for fiscal period 2014/2015.

Risk
2.16.1.3 Income recorded in the cash book may be understated.

Recommendation
2.16.1.4 The Maryland County Health Team (MCHT) should provide justification for the amount indicated above or refund this amount to the CHT/MoH account.

Management’s Response
2.16.1.5 The Amount Mentioned above was a Pool Fund transfer and was recorded on Aug. 12, 2014, which is the transfer date, and not the date it hit the bank account. However, the county Health Team takes note.

Auditor General’s position
2.16.1.6 There was no evidence that the amount was recorded in the cash book. Therefore, we have modified our recommendation for Management to update its cash book and ensure that cash balances brought and carried forward are accurate and complete. However, Management is in breach of Regulation A.3 (1) in line with the PFM Act of 2009.

2.16.2 Payments without Adequate Supporting Documents

Observation
2.16.2.1 Section 7.3 (b) of the FMPP, 2012 of MOH explains the payment procedures at Counties level and indicates the necessary supporting documents for payments.

2.16.2.2 We observed that several expenditures amounting to US$227,348.04 and L$2,581,374.85 for fiscal period 2014/2015 did not contain adequate supporting documents such as payment vouchers, cash invoices/receipts to validate the transactions.

Risk
2.16.2.3 The lack of adequate supporting documents cast doubt on the genuineness of the expenditure and could lead to misappropriation of funds.
Recommendation

2.16.2.4 We recommend that the County Health Team should ensure that all transactions are adequately supported with sufficient third party documents. Transactions without appropriate supporting documents of US$227,348.04 and L$2,581,374.85 should be refunded to the MoH bank account.

Management’s Response

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Reference Number per cash book</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bannie Kubie / withdrawal of staff salary</td>
<td>Nil</td>
<td>30,000.00</td>
<td>This payment supporting documents were kept in a separate box file. However, the county health team has taken the necessary measures and has attached the payroll to this payment.</td>
<td></td>
</tr>
<tr>
<td>Patrick Harris / withdrawal of programs fund</td>
<td>Pv#15144</td>
<td>11,600.00</td>
<td>Documents are available for review</td>
<td></td>
</tr>
<tr>
<td>City Stationery Store / payment for assorted stationery</td>
<td>Pv#15166</td>
<td>9,500.00</td>
<td>Documents are available for review</td>
<td></td>
</tr>
<tr>
<td>Bannie Kubie/ withdrawal of September 2013 Staff Salary</td>
<td>Nil</td>
<td>23,500.00</td>
<td>This payment supporting documents were kept in a separate box file. However, the county health team has taken the necessary measures and has attached the payroll to this payment.</td>
<td></td>
</tr>
<tr>
<td>Nathaniel Brown/ Withdrawal of staff salary for Dec. 2015</td>
<td>Nil</td>
<td>20,000.00</td>
<td>This payment supporting documents were kept in a separate box file. However, the county health team has taken the necessary measures and has attached the payroll to this payment.</td>
<td></td>
</tr>
<tr>
<td>Great Favor Filling Station/ payment for fuel</td>
<td>Nil</td>
<td>20,000.00</td>
<td>Documents are available for review</td>
<td></td>
</tr>
<tr>
<td>Nathaniel Brown/ Withdrawal of staff salary for Jan. 2015</td>
<td>Nil</td>
<td>19,950.00</td>
<td>This payment supporting documents were kept in a separate box file. However, the county health team has taken the necessary measures and has attached the payroll to this payment.</td>
<td></td>
</tr>
<tr>
<td>Angeline S. Topor / Partial withdrawal of</td>
<td>Pv#15261</td>
<td>16,538.04</td>
<td>Documents are available for review</td>
<td></td>
</tr>
</tbody>
</table>
### Management Letter on the Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

#### Descriptions

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Reference Number per cash book</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measles Campaign</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>John &amp; Sweetie Security Guards/ pymt for security guards fees owe</td>
<td>Nil</td>
<td>11,520.00</td>
<td></td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Angeline S. Topor / Withdrawal of Polio Campaign Human Resource Component</td>
<td>Pv#15276</td>
<td>8,740.00</td>
<td></td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Nathaniel N. Brown/Withdrawal of staff incentive for the month of October 2014</td>
<td>PV#15159</td>
<td>28,000.00</td>
<td></td>
<td>This payment supporting documents were kept in a separate box file. However, the county heath team has taken the necessary measures and has attached the payroll to this payment.</td>
</tr>
<tr>
<td>Nathaniel N. Brown/ Withdrawal of staff Incentive for the month of November 2014</td>
<td>PV#15171</td>
<td>28,000.00</td>
<td></td>
<td>This payment supporting documents were kept in a separate box file. However, the county heath team has taken the necessary measures and has attached the payroll to this payment.</td>
</tr>
<tr>
<td>Rev. Ephraim S. Wilson/ withdrawal of EBOLA Fund</td>
<td>Pv#16149</td>
<td></td>
<td>295,650.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Stephen Ossai / Payment for 250gals for fuel</td>
<td>Pv#15202</td>
<td></td>
<td>137,500.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Jadik Investment/ part pymt for motorbike parts owe</td>
<td>Pv#15220</td>
<td></td>
<td>435,000.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Thunder Bird Corp/ pymt for vehicle parts owed</td>
<td>Pv#15222</td>
<td></td>
<td>435,000.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>City Stationery Center/ payment for Assorted Stationery Owed</td>
<td>Pv#15223</td>
<td></td>
<td>435,000.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>Nathaniel N. Brown/ payment for two weeks DSA owe &amp; Transport</td>
<td></td>
<td></td>
<td>85,000.00</td>
<td>Documents are available for review</td>
</tr>
<tr>
<td>African Books Store/ Payment for assorted stationeries</td>
<td>Pv#15234</td>
<td></td>
<td>758,224.85</td>
<td>Documents are available for review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Reference Number per cash book</th>
<th>Amount US$</th>
<th>Amount L$</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>227,348.04</td>
<td>2,581,374.85</td>
<td></td>
</tr>
</tbody>
</table>

**Auditor General’s position**

2.16.2.5 Documents provided by the Maryland County Health Team supported the expenditure of US$227,348.04 and L$2,443,874.85 out of the total amounts of US$227,348.04 and L$2,581,374.85. Therefore, we have modified our recommendation for Management to account for L$137,500.00 (2,581,374.85 - 2,443,874.85); PV#15202 without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

2.17 Maryland County Health Team – Internal Control/Compliance Issues

2.17.1 Bank Reconciliation Statements not dated

**Observation**

2.17.1.1 Section 4.3.2 of the FMPP, 2012 of MOH states, “All completed bank reconciliation shall be reviewed by the CHSA or CHO in the CHT and the HA or MD in the Hospital. Reviewers shall initial bank reconciliation to ensure evidence of review”.

2.17.1.2 We noticed that bank reconciliations reviewed for fiscal period 2014/2015 were not dated so as to determine the timeliness of the reviews.

**Risk**

2.17.1.3 Failure to appropriately review bank reconciliation could lead to the untimely detection and correction of errors or omissions which may exist.

**Recommendation**

2.17.1.4 The MCHT should ensure that bank reconciliations are reviewed timely for the detection and correction of errors or omissions.

**Management’s Response**

2.17.1.5 Recommendation noted

**Auditor General’s position**

2.17.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
3 DETAILED AUDIT FINDINGS – IMPLEMENTING PARTNERS

3.1 Africare

3.1.1 Fund Accountability Statement not maintained

Observation

3.1.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;

- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

- Update and close off all accounts books and ledgers;

- File all journal vouchers and other documents;

- Reconcile the cash book balances to the bank statement;

- Prepare a summary analysis of cash payments from petty cash; and

- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.1.1.2 We noted that Africare does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk

3.1.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation

3.1.1.4 We recommend that Africare should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response

3.1.1.5 Africare’s adheres to the provisions of its policies and procedures manuals in the conduct of business and not MOH Financial Policies and Procedures Manual as being considered by the GAC Auditors. This is clearly stated in the agreement/contract between the Ministry of Health and Africare. Moreover, all Africare projects are assigned specific codes in the field office accounting software, QuickBooks and the Africare Headquarters.
accounting system, Lawson. All transactions related to specific projects are coded and tracked using these project specific codes. This structure sets an efficient path for tracking income and expenses that are project related at any given time.

**Auditor General’s position**

3.1.1.6 There was no evidence that a fund accountability statement was prepared for all sources of funding from MoH. Therefore, we maintain our recommendation.

### 3.1.2 Unsupported expenditure

**Observation**

3.1.2.1 Section 16.12 of the MOH’s Financial Management Policies and Procedures, page 130, accounting transactions processing and reporting should be supported with a document or set of documents that authenticates revenue and expense transactions. This should include documents that emanates from third parties outside of the MOH such as receipts, invoices, waybill, delivery note, signed contracts, etc.

3.1.2.2 We noted that expense transactions amounting to US$242,796 was not adequately supported with receipts, invoices, waybill, delivery note, signed contracts, etc. See details of these transactions in **Table 13 below**:

**Table 13: Adjustments after Management Letter**

<table>
<thead>
<tr>
<th>Transaction description per detailed listing</th>
<th>Date</th>
<th>Transaction amount per detailed listing (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance for the payment of Community Bonuses (Q4,5,6) Ref. CK# 00027476</td>
<td>9/30/2014</td>
<td>24,718</td>
</tr>
<tr>
<td>Funds Transfer/BONG PHASE 2 UNSPENT FUND</td>
<td>8/29/2014</td>
<td>70,000</td>
</tr>
<tr>
<td>PMT.BONG EPHSE PHASE 2 HQ EXPENSES CHARGED FY2014</td>
<td>8/27/2014</td>
<td>21,093</td>
</tr>
<tr>
<td>PMT.CK.#00051206 SEVERANCE JUNE 2014</td>
<td>7/28/2014</td>
<td>5,116</td>
</tr>
<tr>
<td>PMT. CLINIC INCENTIVE FOR JANUARY REF CHK# 116249</td>
<td>1/26/2015</td>
<td>9,519</td>
</tr>
<tr>
<td>PMT.TO PURCHASE MAMA BABY KIT FOR THE BONG PROJECT REF CHK#237481</td>
<td>5/1/2015</td>
<td>8,256</td>
</tr>
<tr>
<td>PMT.TO PURCHASE STAFF SCRATCH CARD FOR MAY REF CHK#237496</td>
<td>5/15/2015</td>
<td>379</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>139,081</strong></td>
</tr>
</tbody>
</table>

**Risk**

3.1.2.3 The authenticity, accuracy and occurrence of the transactions could not be ascertained

**Recommendation**

3.1.2.4 We recommend that Africare should provide the necessary supporting documents for the respective transactions noted or refund the amount of US$242,796 to MoH.

**Management’s Response**

3.1.2.5 Noted: Africare has made available all supporting documents for review.
Auditor General’s position

3.1.2.6 Documents provided by Management amounted to US$103,715.00 out of the total amount of US$242,796. Therefore, we have modified our recommendation for Management to account for **US$139,081** (242,796 – 103,715.00) without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

3.1.3 Discrepancies between funds transferred and funds received

Observation

3.1.3.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.1.3.2 We noted that the following discrepancies regarding funds transferred from MOH and funds traced to the bank statements of Africare. See Table 14 below for details.

Table 14

<table>
<thead>
<tr>
<th>Date</th>
<th>Funds transferred from MOH</th>
<th>Funds received by Africare</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/4/2014</td>
<td>-</td>
<td>147,976</td>
<td>(147,976)</td>
</tr>
<tr>
<td>10/20/2015</td>
<td>-</td>
<td>816,713</td>
<td>(816,713)</td>
</tr>
<tr>
<td>10/27/2015</td>
<td>-</td>
<td>47,105</td>
<td>(47,105)</td>
</tr>
<tr>
<td>12/4/2015</td>
<td>-</td>
<td>6,800</td>
<td>(6,800)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>1,018,594</strong></td>
<td><strong>(1,018,594)</strong></td>
</tr>
</tbody>
</table>
Risk

3.1.3.3 The entity may attribute receipts from one source to the other. Where this occurs, liquidation reports from different donors may be misstated.

Recommendation

3.1.3.4 Prior to reporting any fund transferred into its bank accounts, management should seek a transfer advice from the MOH so that they can back every receipts recorded.

Management’s Response

3.1.3.5 As mentioned earlier, our financial system is structured to track income and expenditure related to individual project through the assigned class or project codes. The fact that we were able to clearly show from our system funds received from the MOH, points to the efficiency of the system. Moreover, the MOH maintains a disbursement schedule for all Implementing Partners (IPs). Receipts captured in our system can be tested against the MOH’s disbursement schedule to ascertain whether or not there is a discrepancy.

Auditor General’s position

3.1.3.6 Management did not adequately address the issue raised. There are still discrepancies as per our analysis. Therefore, we maintain our recommendation.

3.2 African Humanitarian Action (AHA)

3.2.1 Fund Accountability Statement not maintained

Observation

3.2.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;

- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

- Update and close off all accounts books and ledgers;

- File all journal vouchers and other documents;

- Reconcile the cash book balances to the bank statement;

- Prepare a summary analysis of cash payments from petty cash; and

- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
3.2.1.2 We noted that AHA does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

**Risk**

3.2.1.3 The fund balance of each source of funding from the MOH will not be known.

**Recommendation**

3.2.1.4 We recommend that AHA should prepare a fund accountability statement for all sources of funding from MOH.

**Management’s Response**

3.2.1.5 AHA adheres to the provisions of its policies and procedures manuals in the conduct of business and not MOH Financial Policies and Procedures Manual as being considered by the GAC Auditors. This is clearly stated in the agreement/contract between the Ministry of Health and AHA.

**Auditor General’s position**

3.2.1.6 There was no evidence that AHA prepared fund accountability statement for all sources of funding from MOH. Therefore, we maintain our recommendation.

3.2.2 Discrepancies in funds transferred and funds received

**Observation**

3.2.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
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3.2.2.2 We noted that AHA’s accounting system and records shows transfers from the pool fund managed by MoH in a total amount of US$ 58,527. However, the accounting system and records of MOH indicates a total transfer of US$54,374; resulting in a difference of US$4,153 when the two sources of records are reconciled.

Risk
3.2.2.3 Failure to reconcile transfers, material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation
3.2.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.2.2.5 Additionally, AHA should ensure attach its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response
3.2.2.6 Noted. MOH will ensure monthly reconciliation of its accounting system and records.

Auditor General’s position
3.2.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.3 National Aids Control Program (NACP)

3.3.1 Fund Accountability Statement is not maintained

Observation
3.3.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
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- Prepare a summary analysis of cash payments from petty cash; and

- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.3.1.2 We noted that NACP does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.3.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.3.1.4 We recommend that NACP should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.3.1.5 MOH will ensure that NACP prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.3.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.3.2 Discrepancies in funds transferred and funds received

Observation
3.3.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.3.2.2 We noted during that UNICEF funds of US$ 29,210 was transferred to NACP in the fiscal year 2015 from MOH. However this transfer cannot be traced to the records of NACP; resulting a difference of US$ 29,210.

Risk

3.3.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation

3.3.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.3.2.5 Additionally, NACP should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response

3.3.2.6 Noted Management will ensure that funds receive from MoH will be recorded in the cash book of IPs (NACP).

Auditor General’s position

3.3.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.4 National Aids Commission (NAC)

3.4.1 Fund Accountability Statement is not maintained

Observation

3.4.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

• Close the petty cash book and confirm cash balance;

• Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

• Update and close off all accounts books and ledgers;
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- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;

- Prepare a summary analysis of cash payments from petty cash; and

- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.4.1.2 We noted that NAC does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.4.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.4.1.4 We recommend that NAC should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.4.1.5 MOH will ensure that NAC prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.4.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.4.2 Discrepancies in funds transferred and received

Observation
3.4.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;

- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

- Update and close off all accounts books and ledgers;

- File all journal vouchers and other documents;

- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.4.2.2 During the audit it was observed that there was a transfer from global fund to NAC via MOH. However, the MoH accounting system and records show a fund transfer of US$91,505 whilst the accounting system and records of NAC has a zero balance thus leaving a difference of US$ 91,505.

**Risk**

3.4.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

**Recommendation**

3.4.2.4 We recommend that NAC should ensure it submits all liquidation reports to MoH. NAC should also follow up on regular basis with MoH to ensure that appropriate adjustments in MoH books are made in respect of any outstanding balance expected to be liquidated by them in the books of MoH.

**Management’s Response**

3.4.2.5 Noted Management will ensure that funds receive from MoH will be recorded and appropriate adjustments are made in the cash book of MoH.

**Auditor General’s position**

3.4.2.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.5 National Leprosy and TB Control Program (NLTCP)

3.5.1 Fund Accountability Statement is not maintained

**Observation**

3.5.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
• Update and close off all accounts books and ledgers;

• File all journal vouchers and other documents;

• Reconcile the cash book balances to the bank statement;

• Prepare a summary analysis of cash payments from petty cash; and

• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.5.1.2 We noted that NLTCP does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk

3.5.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation

3.5.1.4 We recommend that NLTCP should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response

3.5.1.5 MOH will ensure that NLTCP prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position

3.5.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.5.2 Discrepancies in funds transferred and funds received

Observation

3.5.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
  • Close the petty cash book and confirm cash balance;

  • Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

  • Update and close off all accounts books and ledgers;
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- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.5.2.2 We noted a difference of US$ 26,652 between the accounting system and records of the two MoH and NLTCP. This relates to Global fund transfers via MOH to NLTCP. With NLTCP’s records indicating a transfer amounting to US$36,920 whilst the MOH’s records indicates a transfer of US$ 63,572.

Risk
3.5.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation
3.5.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.5.2.5 Additionally, NLTCP should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response
3.5.2.6 Recommendation Noted

Auditor General’s position
3.5.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.6 National Malaria Control Program (NMCP)

3.6.1 Fund Accountability Statement is not maintained

Observation
3.6.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
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• Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

• Update and close off all accounts books and ledgers;

• File all journal vouchers and other documents;

• Reconcile the cash book balances to the bank statement;

• Prepare a summary analysis of cash payments from petty cash; and

• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.6.1.2 We noted that NMCP does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.6.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.6.1.4 We recommend that NMCP should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.6.1.5 MOH will ensure that NMCP prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.6.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.6.2 Discrepancies in funds transferred and funds received

Observation
3.6.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
  • Close the petty cash book and confirm cash balance;
• Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;

• Update and close off all accounts books and ledgers;
• File all journal vouchers and other documents;

• Reconcile the cash book balances to the bank statement;

• Prepare a summary analysis of cash payments from petty cash; and

• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.6.2.2 We noted that the MoH records indicate an amount of US$ 124,686 as Global funds transfers to NMCP. On the other hand, NMCP’s records reveals an amount of US$188,772.; resulting to a difference of US$64,086.

Risk
3.6.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation
3.6.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed

3.6.2.5 Additionally, NMCP should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response
3.6.2.6 Management will ensure that NMCP prepares monthly reconciliation of the accounting system and records of the parties.

Auditor General’s position
3.6.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
3.7 National Drugs Service (NDS)

3.7.1 Fund Accountability Statement not maintained

Observation

3.7.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.7.1.2 We noted that NDS does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk

3.7.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation

3.7.1.4 We recommend that NDS should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response

3.7.1.5 MOH will ensure that NDS prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position

3.7.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
3.7.2 Unsupported expenditure

Observation
3.7.2.1 With reference to section 16.12 of the MOH’s FMPP, page 130, accounting transactions processing and reporting should be supported with a document or set of documents that authenticates revenue and expense transactions. This should include documents that emanates from third parties outside of the MOH such as receipts, invoices, waybill, delivery note, signed contracts, etc.

3.7.2.2 We noted that expense transactions amounting to US$69,419 was not adequately supported. See Table 15 below for details of transactions.

Table 15: Adjustments after Management Letter

<table>
<thead>
<tr>
<th>Transaction description per detailed listing</th>
<th>Date</th>
<th>Donor Fund</th>
<th>Transaction amount per detailed listing (US$)</th>
<th>Status of Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDP staff NSS withholdings</td>
<td>29-Apr-15</td>
<td>Pool Fund</td>
<td>251</td>
<td></td>
</tr>
<tr>
<td>Management NSS Contribution</td>
<td>29-Apr-15</td>
<td>Pool Fund</td>
<td>398</td>
<td></td>
</tr>
<tr>
<td>2pcs Laptops for -Admin/Fin. Officer &amp; Accountant</td>
<td>5-Mar-15</td>
<td>Global fund</td>
<td>2,600</td>
<td>Documents Available</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,249</td>
<td></td>
</tr>
</tbody>
</table>

Risk
3.7.2.3 The authenticity, accuracy and occurrence of the transactions could not be ascertained.

Recommendation
3.7.2.4 We recommend that NDS should provide the necessary supporting documents for the respective transactions noted or refund the unsupported amount to MOH account.

Management’s Response
3.7.2.5 All supporting document are attached and available for review.

Auditor General’s position
3.7.2.6 Documents provided by Management amounted to US$6,6170.00 out of the total amount of US$69,419. Therefore, we have modified our recommendation for Management to account for **US$3,249** (69,419–6,6170.00) without supporting documents. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.
steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.7.3.2 We noted difference of US$ 210,393 noted between the liquidated amount (US$ 80,150) recorded by NDS and US$290,543 recorded by MOH against the pool fund.

Risk
3.7.3.3 Failure to reconcile liquidated amounts may lead to material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation
3.7.3.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.7.3.5 Additionally, NDS should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management Response
3.7.3.6 Management notes the findings and will also ensure that NDS prepares monthly reconciliation of the accounting system and records of the parties.

Auditor General’s position
3.7.3.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.
3.8 Samaritan’s Purse International (SP)

3.8.1 Fund Accountability Statement is not maintained

Observation
3.8.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.8.1.2 We noted that SP does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.8.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.8.1.4 We recommend that SP should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.8.1.5 MOH will ensure that SP prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.8.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of
our recommendation during subsequent audit.

3.8.2 Discrepancies between amounts liquidated

**Observation**

3.8.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.8.2.2 We noted that, the books of SP recorded a total Global fund liquidated amount of US$918,971 and that of the MOH recorded US$ 431,093; resulting in a difference of US$ 487,878.

**Risk**

3.8.2.3 Failure to reconcile liquidated amounts may lead to material discrepancies between the parties’ accounting systems and records may not be detected.

**Recommendation**

3.8.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.8.2.5 Additionally, SP should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

**Management’s Response**

3.8.2.6 Management notes the findings and will also ensure that SP prepares monthly reconciliation of the accounting system and records of the parties.
Management Letter on
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

Auditor General’s position

3.8.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.9 Shalom Liberia

3.9.1 Fund Accountability Statement is not maintained

Observation

3.9.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.9.1.2 We noted that Shalom Liberia does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk

3.9.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation

3.9.1.4 We recommend that Shalom Liberia should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response

3.9.1.5 MOH will ensure that SHALOM prepares fund availability statement for all sources of funding it receives from MOH.
Auditor General’s position

3.9.1.6 We knowledged Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.9.2 Discrepancies in amount liquidated

Observation

3.9.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.9.2.2 We noted that, the books of Shalom recorded a Global fund opening balance of US$423,036 and that of the MOH recorded US$64,246; resulting in a difference of US$358,790.

Risk

3.9.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation

3.9.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.9.2.5 Additionally, Shalom should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MoH.
Management’s Response

3.9.2.6 Management notes the findings and will also ensure that SHALOM prepares monthly reconciliation of the accounting system and records of the parties.

Auditor General’s position

3.9.2.7 We acknowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.10 St. Joseph Catholic Hospital

3.10.1 Fund Accountability Statement is not maintained

Observation

3.10.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.10.1.2 We noted that the Hospital does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk

3.10.1.3 The fund balance of each source of funding from the MOH will not be known.
Recommendation
3.10.1.4 We recommend that the Hospital should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.10.1.5 MOH notes that it has not provided support to St. Joseph Catholic Hospital under this funding source. However, MOH will ensure that Catholic Church HIV/AIDS Program prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.10.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.10.2 Discrepancies in funds transferred and funds received

Observation
3.10.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)

3.10.2.2 We noted that, the books of the Hospital recorded a restoration fund transfer amount of US$164,785 and that of the MoH recorded US$ 149,56; resulting to a difference of US$15,216.

Risk
3.10.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.
Management Letter on the  
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements  
For The Fiscal Year Ended June 30, 2015

Recommendation
3.10.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.10.2.5 Additionally, the Hospital should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response
3.10.2.6 Management notes the findings and will also ensure that Catholic Church HIV/AIDS Program prepares monthly reconciliation of the accounting system and records of the parties.

Auditor General’s position
3.10.2.7 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.11 MERCI

3.11.1 Fund Accountability Statement is not maintained

Observation
3.11.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
3.11.1.2 We noted that MERCI does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.11.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.11.1.4 We recommend that MERCI should prepare a fund accountability statement for all sources of funding from the MOH.

Management’s Response
3.11.1.5 MOH will ensure that MERCI prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.11.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.11.2 Discrepancies in funds transferred and funds received

Observation
3.11.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
- Prepare schedules of:
  - Expenditure report
  - Outstanding salary advances
  - Outstanding program advances
  - Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
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3.11.2.2 We noted that, the books of MERCI recorded a total amount of Pool fund transfers of US$563,237 and that of the MoH recorded US$ 6,883. Hence, a difference of US$ 556,354 was noted.

Risk
3.11.2.3 Material discrepancies between the parties’ accounting systems and records may not be detected.

Recommendation
3.11.2.4 We recommend that monthly reconciliation of the accounting system and records of the parties should be performed.

3.11.2.5 Additionally, MERCI should ensure it includes its cashbook and bank statements when submitting liquidation reports to the MOH.

Management’s Response
3.11.2.6 Management notes the findings and will also ensure that MERCI prepares monthly reconciliation of the accounting system and records of the parties.

Auditor General’s position
3.11.2.7 We knowledge Management's acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.12 Project Financial Management Unit (PFMU)

3.12.1 Fund Accountability Statement is not maintained

Observation
3.12.1.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:

- Close the petty cash book and confirm cash balance;
- Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
- Update and close off all accounts books and ledgers;
- File all journal vouchers and other documents;
- Reconcile the cash book balances to the bank statement;
- Prepare a summary analysis of cash payments from petty cash; and
• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.12.1.2 We noted that the PFMU does not prepare a fund accountability statement to track funds received from the Ministry of Health (MOH).

Risk
3.12.1.3 The fund balance of each source of funding from the MOH will not be known.

Recommendation
3.12.1.4 We recommend that the PFMU should prepare a fund accountability statement for all sources of funding from MOH.

Management’s Response
3.12.1.5 MOH will ensure that PFMU prepares fund availability statement for all sources of funding it receives from MOH.

Auditor General’s position
3.12.1.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.12.2 Refund of advances not traceable

Observation
3.12.2.1 Section 12.9 of the Ministry of Health Financial Management Policies and Procedures Manual (Reporting Procedures) provides that at the end of each month the following steps should be followed to verify the accounting records:
  • Close the petty cash book and confirm cash balance;
  • Prepare journal vouchers to post payments from the petty cash book to the appropriate ledgers, where necessary;
  • Update and close off all accounts books and ledgers;
  • File all journal vouchers and other documents;
  • Reconcile the cash book balances to the bank statement;
  • Prepare a summary analysis of cash payments from petty cash; and
• Prepare schedules of:
  o Expenditure report
  o Outstanding salary advances
  o Outstanding program advances
  o Complete report form A (Annex 16.8 – Budget Vs. Actual Analysis)
  o Complete report form B (Annex 16.9 - Fund Accountability Statement)

3.12.2.2 We noted that the transaction “return against advances to PFMU/MOF WB003” dated 12 December 2015 in the total amount of US$ 400,000 cannot be traced to the bank statement.

Risk
3.12.2.3 The authenticity, accuracy and occurrence of the transactions could not be ascertained

Recommendation
3.12.2.4 We recommend that PFMU should provide the necessary supporting documents for the respective transactions or the amount should be refunded to the MoH account.

Management’s Response
3.12.2.5 Management notes the finding. However, documents to support the above transaction are available for review.

Auditor General’s position
3.12.2.6 We knowledge Management’s acceptance of our finding and recommendation and look forward to its timely implementation. We will make a follow up on the implementation of our recommendation during subsequent audit.

3.13 Implementing Partners Not Visited
3.13.1.1 The IPs listed below were not covered during our audit. We have provided below the reasons why those IPs were not visited.
  1. **Merlin**: has been merged with Save the Children leading to the difficulty in accessing information relating to Merlin prior to the merge. Communications with the Finance manager of save the children has yielded no results.
  2. **MTI**: The Finance Manager stated that no official communication has been sent therefore team could not proceed with audit at IP.
  3. **IRC**: This IP was currently under audit and therefore resisted to carry out two audits at the same time.
  4. **PSI**: The Headquarter in Washington DC has requested for the scope of the work despite communications from MOH.
4 SUMMARY OF IDENTIFIED AND UNCORRECTED MISSTATEMENTS

We present below the details of misstatements identified and uncorrected at financial statement level.

Table 16

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Dr</th>
<th>Cr</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Payment without supporting documents</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Payment for which supporting documents were not provided (Outstanding Documents)</td>
<td>Cash/Bank</td>
<td>Expenses</td>
<td>2,695,441</td>
</tr>
<tr>
<td>1.2</td>
<td>Payment without supporting documents</td>
<td>Cash/Bank</td>
<td>Expenses</td>
<td>213,180</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Liability not supported</td>
<td>N/A</td>
<td>N/A</td>
<td>13,826,541</td>
</tr>
<tr>
<td>2.2</td>
<td>Inconsistencies noted between donor fund balances disclosed</td>
<td>N/A</td>
<td>N/A</td>
<td>8,318,976</td>
</tr>
<tr>
<td>2.3</td>
<td>Difference between advance schedule and financial statement</td>
<td>N/A</td>
<td>N/A</td>
<td>630,678</td>
</tr>
</tbody>
</table>
5. OTHER SIGNIFICANT MATTERS TO BE COMMUNICATED

Difficulties encountered in performing the audit

4.1.1.1 The audit team faced the following challenges in performing the audit:

1. Delay in the provision of supporting documents requested from the MoH.

2. Erroneous communication of timeline for partner institution visits by MoH.

3. Partner institutions not ready for the audit

4. Nonexistence of some partner institutions due to merging with other institution (eg Merlin and Save the Children)

5. Late provision of updated schedule of contacts of all County Health Teams (CHTs).

6. Difficulties in retrieving county information from various ledgers of the MoH.
## APPENDIXES

### Appendix 1: Outstanding Documents-- Adjustments after Management Letter

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/20/2015</td>
<td>UNOPS/Reimbursement of funds for payments for vehicles</td>
<td></td>
<td>25,288</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>10/7/2014</td>
<td>Infrastructure &amp; Other Equipment/HQ/Malaria/SDA07</td>
<td></td>
<td>17,432</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>5/28/2015</td>
<td>UNOPS/Pmt for the procurement of vehicles &amp; Motorbikes</td>
<td>PV#00033/000005282015</td>
<td>257,398</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>1/7/2015</td>
<td>Transport Equipment</td>
<td>FVN000313/VPV#-72437-Transport Equipment-CICA Motors Liberia</td>
<td>55,000</td>
<td>West Africa Health Organization (WAHO) requested the document for review and the documents are in WAHO’s possession additionally, this document was also audited by the GAC during the EBOLA audit of the MOH.</td>
</tr>
<tr>
<td>10/28/2014</td>
<td>CAPITAL EXPENDITURE</td>
<td>JV#PF/2014/-CAPITAL_EXPENDITURE-PF- MERCII (3)/ River Gee-2</td>
<td>97,145</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>10/1/2014</td>
<td>Machinery and Equipment</td>
<td>1120;PV#62263-Machinery and Equipment-H&amp;A Corporation-1</td>
<td>20,950</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>10/1/2014</td>
<td>Machinery and other Equipment</td>
<td>1120;PV#62263-Machinery and other Equipment-H&amp;A Corporation-1</td>
<td>38,400</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>511,613</strong></td>
<td></td>
</tr>
<tr>
<td>1/20/2015</td>
<td>Fuel and Lubricants - Vehicles</td>
<td>241/VPV#-72457-Fuel and Lubricants - Vehicles-Aminata &amp;Son</td>
<td>33,600</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>6/24/2015</td>
<td>Fuel &amp; Lubricants (Gen.)</td>
<td>V#000845; INV. #2727-Fuel &amp; Lubricants (Gen.)-Aminata &amp;Sons</td>
<td>18,752</td>
<td>Document available for inspection</td>
</tr>
</tbody>
</table>
Management Letter on the Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>PV number</th>
<th>Amount in US$</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2014</td>
<td>Direct Pmt to UNICEF to procure Drugs and Medical Supplies</td>
<td>JV# 54104</td>
<td>1,629,098</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>12/19/2014</td>
<td>Stewart Corporation/Pmt for the clearing of GFATM Equipments</td>
<td>PV#57736/000000013462</td>
<td>19,654</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.7 Commemorate World Malaria Day</td>
<td>GF NMCP 02-Act 5.1.7 Commemorate World Malaria Day-National</td>
<td>21,725</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>1/8/2015</td>
<td>Small Tools/Equipment and Household Materials</td>
<td>2014-277/PV#-72443-Small Tools/Equipment and Household Mater</td>
<td>129,990</td>
<td>West Africa Health Organization (WAHO) requested the document for review and the documents are in WAHO’s possession additionally, this document was also audited by the GAC during the EBOLA audit of the MOH.</td>
</tr>
<tr>
<td>10/28/2014</td>
<td>GOOD &amp; SERVICES</td>
<td>JV#PF/2014/-GOOD &amp; SERVICES-PF-MERCI (3)/ River Gee-2</td>
<td>238,113</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>3/24/2015</td>
<td>Act 5.1.16 Conduct periodic monitoring of malaria control ac</td>
<td>GF NMCP 01-Act 5.1.16 Conduct periodic monitoring of malaria</td>
<td>31,240</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.16 Conduct periodic monitoring of malaria control ac</td>
<td>GF NMCP 02-Act 5.1.16 Conduct periodic monitoring of malaria</td>
<td>24,255</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Act 5.1.11 Provide Ongoing support for program implementation</td>
<td>GF NMCP 01-Act 5.1.11 Provide Ongoing support for program im</td>
<td>28,398</td>
<td>Document available for inspection</td>
</tr>
<tr>
<td>9/25/2014</td>
<td>Stewart Corporation/60% pmt for the clearing of GFATM consig</td>
<td>PV#59376/000002534619</td>
<td>27,460</td>
<td>Document available for inspection</td>
</tr>
</tbody>
</table>

**Sub-total**  
**Total**  

$2,183,828  
$2,695,441
### Appendix 2: Difference between book balance per bank reconciliation and amount per general ledger

<table>
<thead>
<tr>
<th>G/L account number</th>
<th>Bank Account Number</th>
<th>G/L account name</th>
<th>Bank</th>
<th>Currency</th>
<th>G/L account balance in presentation Currency</th>
<th>Exchange rate</th>
<th>GL Account balances in Denominated currency (a)</th>
<th>Book balance per bank reconciliation (b)</th>
<th>Difference between book balance per bank reconciliation and amount per G/L (c=a-b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0200-101001-071000-0760-0000-321103-0-0000</td>
<td>001LRD21322284502</td>
<td>MOHSW Ebola Response Account</td>
<td>LBDI</td>
<td>LRD</td>
<td>6,349</td>
<td>84</td>
<td>533,319</td>
<td>502,865</td>
<td>30,454</td>
</tr>
<tr>
<td>0600-101001-000000-0133-0000-321103-0-0000</td>
<td>01-206-300008-01</td>
<td>MoHSW LD Account</td>
<td>CBL</td>
<td>LRD</td>
<td>329,520</td>
<td>84</td>
<td>27,679,717</td>
<td>22,592,852</td>
<td>5,086,865</td>
</tr>
<tr>
<td>0200-101001-075000-0760-0000-321104-0-0000</td>
<td>0220630006802</td>
<td>MoHSW - Health (GAVI)</td>
<td>CBL</td>
<td>USD</td>
<td>1,548,406</td>
<td>1</td>
<td>1,548,406</td>
<td>1,548,466</td>
<td>(60)</td>
</tr>
</tbody>
</table>

### Appendix 3: Long outstanding reconciling items

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Nature of reconciling item</th>
<th>Bank account name and number</th>
<th>Description</th>
<th>Reconciling item reference number</th>
<th>Amount US$</th>
<th>Reconciling item date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
<td>Withdrawal Bank Errors</td>
<td>EcoBank 0011134700493201</td>
<td>Understatement of OFM staff salary for April 20, 2012</td>
<td>2,268</td>
<td>20-Apr-12</td>
<td>This transaction was outstanding for 44 months. The reconciling items were corrected in January 2016</td>
<td></td>
</tr>
<tr>
<td>2014/2015</td>
<td>Withdrawal Bank Errors</td>
<td>EcoBank</td>
<td>Erroneous credit</td>
<td>1,350</td>
<td>30-Oct-12</td>
<td>This transaction was outstanding</td>
<td></td>
</tr>
</tbody>
</table>
Management Letter on the
Audit of the Ministry of Health and Social Welfare (MOH/SW) Financial Statements
For The Fiscal Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Nature of reconciling item</th>
<th>Bank account name and number</th>
<th>Description</th>
<th>Reconciling item reference number</th>
<th>Amount US$</th>
<th>Reconciling item date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pool Fund Disbursement</td>
<td>0011134700493201</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>for 39 months. The reconciling items were corrected in January 2016</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Reference Number per cash book</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHO ( EPI/PIRI Program )</td>
<td>CK#38080/PV#52762</td>
<td>3,925.00</td>
</tr>
<tr>
<td>UNICEF ( GAVI ACTIVITIES )</td>
<td>CK#38101/PV#52782</td>
<td>2,180.00</td>
</tr>
<tr>
<td>UNICEF ( ICCM Activities )</td>
<td>CK#34441/PV#52923</td>
<td>8,880.00</td>
</tr>
<tr>
<td>Fish Town Hospital Subsidy</td>
<td>CK#10639/PV#52064</td>
<td>-</td>
</tr>
<tr>
<td>Ebola ( Suport System )</td>
<td>CK#10638/PV#52063</td>
<td>-</td>
</tr>
<tr>
<td>Fuel Debt(Satta Filling Station )</td>
<td>CK#10617</td>
<td>-</td>
</tr>
<tr>
<td>Anthony Bro. Garage ( Veh. Repair )</td>
<td>CK#10636/PV#52061</td>
<td>-</td>
</tr>
<tr>
<td>Ebola burial team arear pmt.</td>
<td>CK#18612/PV#52091</td>
<td>-</td>
</tr>
<tr>
<td>Mose K. King,ll (Debt Pmt )</td>
<td>CK#10648/PV#52074</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>14,985.00</strong></td>
</tr>
</tbody>
</table>